THE DEPUTY CHAIRMAN : No bargaining.

SHRI GURUDAS DAS GUPTA : I am not bargaining.

SHORT DURATION DISCUSSION

Disinvestment Policy of Government

SHRI GURUDAS DAS GUPTA (West Bengal) : Respected Chairperson, once we used to discuss the matter of investment related with growth, growth related with human welfare and employment generation. Just see how the situation in the country has changed drastically. Today, we are discussing the disinvestment policy of the Government. It has been envisaged that all our national assets should generate resources to meet the budgetary deficit because we do not have any other alternative. Madam, a policy had been formulated, but the policy could not be implemented. A target was fixed, but the target could not be reached. A Commission was appointed, but the Commission has been disbanded. Madam, it is a sordid story of mal-administration and mismanagement of our valuable national assets. Whatever assets our predecessors have built up are being put on sale, but no new assets are being created. Madam, since the federal finances are in shambles, therefore, we have to sell our family jewellery to meet thegrocer's bill. That is where the country has been taken to, by the policies that are being followed.

Therefore, Madam, the reckless disinvestment policy and senseless squandering away of national resources needs to be discussed because it draws the nation's attention today. Madam, it was in 1991 that my respected colleague, Mr. Manmohan Singh talked of disinvestment. It was said that there should be a sale of 20 per cent of the Government equity in the public sector undertakings to pay for the budgetary deficit and the equity has to be sold to mutual funds, financial institutions, including banks. At that time, the economy was critically ill. In 1996, the United Front Government talked of transparency, talked of orderly disinvestment, appointed a Commission, and it is useful to recollect for the House that the United Front Government called for investment of the yield on disinvested equity for human welfare, for

education, for health, particularly, in the rural and backward areas. Madam, the Government that followed, the present Government, having a National Agenda, also spoke of Swadeshi thrust being given to the economic growth. They also declared that India is to be built by Indians. Unfortunately, Madam, the Finance Ministers who had come to office in the successive Governments since 1991, including my esteemed colleague, had hardly paid attention to the formulations that were made at the beginning. That is where the crux of the present problem arose.

Madam, it is useful to recollect that the Disinvestment Policy as envisaged earlier had conceived of investment of the yield in projects of greater national importance. A number of points are relevant, extremely relevant. What are they? It is essential that an appropriate valuation of shares earnings is made. Is it being done now? Will my hon. esteemed colleague Mr. Yashwant Sinha or the newly-appointed Minister looking after disinvestment kindly respond? The second appropriate question is the modalities of sales, how the sales are to be made. The third is the crux of the question, utilisation of the fund. Madam, ever since the Budget that was presented in 1991-92, in successive Budgets, there was a provision for disinvestment yield as a part of the revenue. The projected estimate that the Government would like to raise through disinvestment is, at the moment, Rs.44,300 crores. How has the Government performed? The performance of the Government or the Govrernments--I must speak of the Government in continuity, is this. Till today or till yesterday, the total yield realised is Rs.18,288 crores. What a short-fall! What a non-performance! Where are the reasons to be found? In this year's Budget, my hon. friend, Yashwantji, who, I have said once, knows more politics than economics, has been able to collect Rs.1000 crores out of Rs.10,000 crores. Madam, the point is this. The total yield is around Rs.20,000 crores. Where has the money gone? In a poor country like India, where has that money gone? Down the drain. The money has gone down the drain. Madam, in a country where the largest number of poor people in the world live today, in a country having, maybe, the largest volume of illiterate people in the world, the money was not spent to build up the social infrastructure. There has not been an improvement of the productive infrastructure; not a single power station was built; not a school was set up; not a hospital was established; not even a metre of rural road was constructed. Madam, the economic fundamentals have not improved. Or the

yield has not been utilised to improve the economic fundamentals. We cannot say that the process of human development has improved with the fund that has been generated. Look at the economic situation? Where has the country gone? Actually, the gross fiscal deficit is higher than the budgeted estimates. In 1998-99, it was around 22 per cent higher than the budgeted estimates. According to the figures furnished by the Controller of Accounts, in June 1999, tax and non-tax receipts have declined. The Government borrowings have become disproportionately high. Only in the months of April and June, the Government has borrowed 47 per cent of the total yearly borrowings. The gross fiscal deficit for April 1999 was Rs.16, 355 crores as againt Rs. 12,355 crores in April 1998. The widening crisis must have been accentuated by the Kargil war and its subsequent developments. The country has not been informed till now as to what has already been spent. We have not been transparent. This information has been withheld from us. Therefore, it is estimated and there is an apprehension that the financial crisis must have been accentuated gravely. I have been referring to the figures supplied by the Controller of Accounts for the month of July 1999. What does the latest report of the Reserve Bank say? It says that the economic recession continues unabated. The deceleration in industrial production has been as low as never before. There has been contraction in manufacturing growth, fall in power generation marginally, decline even in the much glorified service sector. My dear Yashwant Sinhaji, I am speaking of the Government as a continuous process.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Gurudas Das Gupta, to which report are you referring to?

SHRI GURUDAS DAS GUPTA: I am referring to the latest report that has been given to us by the Reserve Bank of India. I am ready to present a copy to you. In a situation of unmitigated economic crisis, unmanageable fiscal gap and unprecedented mismanagement of federal finances, disinvestment has become a convenient tool for a Government which has already mismanaged the economy. The question is vital. The question before the nation is that it is merely squandering away the assets that the previous generation had built up. Thousands of working people in the country had produced these assets. It is a sign of inept handling of the national finance. It gives a wrong signal of creeping insolvency. Madam, the Commission has

been disbanded and it has been substituted by a Government Department. My friend, Mr. Arun Jaitley, has been made the in charge of this Department. He is having too many works. I don't mind. A person having efficiency can be given too many jobs. But there is a heart burning somewhere. Mr. Jaitley should remember that. Therefore, things are becoming difficult for him. What is the important question that one can raise with regard to disinvestment, the question that has not been answered, the question that had been raised earlier? The most pertinent question is: " Why don't you delink disinvestment from the Budget itself? Why is it not being delinked? Why don't you set up a separate fund that will foster national growth? That will bring about improvement in the process of human development of the country. Why is it not being separated? Is it true that the Commission that was appointed, had made a suggestion in this regard? Madam, I say that the Government does not look for favourable conditions for disinvestment? Yashwantji goes on shopping for mangoes in Delhi in the month of December. ...*(Interruptions)*... I believe he has a taste for mangoes, but December is not the time.....

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): Now they are coming for Konkan.

SHRI GURUDAS DAS GUPTA: It is excellent that people who believe in Swadeshi, find a taste in mangoes which are imported from outside. It is excellent. It is excellent.

THE DEPUTY CHAIRMAN: Konkan is in India.

SHRI RAM NAIK: Konkan is part of India. Horticulture has now developed to the extent that that they have produced mangoes and those mangoes are available for sale. If you are ready, I can send you one basket!

SHRI GURUDAS DAS GUPTA: That is exactly my point. That is not the best type of mango. That is exactly my point, Madam; that is not the best type of mango. Will you look for the best mangoes or will you look out for something coming from a place, that will not give you a taste? That is exactly my point. Is the Government looking for the most favourable condition for disinvestment? Or, shall it go in for disinvestment at at time

when it is not favourbale? You have a bitter taste of it; I agree with you. I will only be too delighted to buy a basket of mangoes, but kindly compare that with the best of mangoes that you have in India, not imported from outside, with your generous import policy!

THE DEPUTY CHAIRMAN: Gurudasji, Konkan is very much in India, and it is in Maharashtra, and it is the district I have adopted.

SHRI GURUDAS DAS GUPTA: Madam, I am quite aware of the geographical demarcation of the country. What I am saying is, it does not produce the best mango.

THE DEPUTY CHAIRMAN: It does.

SHRI GURUDAS DAS GUPTA: It does not produce the best mango. That is exactly my complaint to the Government. They are looking in for disinvestment.....

THE DEPUTY CHAIRMAN: I think I will have a Short Duration Discussion on which part of the country produces the best mango!

SHRI PRANAB MUKHERJEE (West Bengal): On Malda Mango, not on Konkan Mango!

THE DEPUTY CHAIRMAN: I think Alphonso is the best mango!

SHRI GURUDAS DAS GUPTA: Madam, we want the best mango. That is the point.

THE DEPUTY CHAIRMAN: That is Alphonse !...*(Interruptions)*...

SHRI RAM NAIK: It is from Konkan, in the month of December.

SHRI GURUDAS DAS GUPTA: Madam, I give you another example how the Government disinvests in the most unfavourable situation. I have with me a piece of paper, quite vulnerable. This piece of paper says, "Hongkong & Shanghai Banking Company were ready to purchase the shares

of GAIL on 14th July, 1997, and they were ready to purchase shares at Rs.145/-. The Government sold it at Rs.70/- in the GDR market." They were ready to sell, the Company was ready to purchase, and, at that time, the Bombay Stock Exchange quoted the price...*(Interruptions)*... I know this is not the time, when you are in office; I know that, I know that; I am speaking of continuous failures of the Government, one after another, and it is for somebody else to answer .because you cannot absolve yourself of the responsibility! The point is, at that point of time, the Bombay Stock Exchange quoted a price of Rs.4,322/-, and the Hongkong & Shanghai Bank Ltd. was ready to pay a price of Rs.145/-. When was it sold, Madam? It was sold two years later when the Bombay Stock Exchange was showing a higher index. What was the index? The index was 4,400. Although the Bombay Stock Exchange index was higher, the price of GAIL was lower, because of hammering, deliberate hammering. It was an artificial, manipulated decline. Was that the best time to sell the shares? We are discussing disinvestment not as a matter of principle, but we are discussing disinvestment as it is being implemented. You did not purchase the best mango. You had gone in for the GDR. You had gone in for the GDR which was half the price. Therefore, you had decided to pick up mangoes of the worst quality. And I refuse to purchase that quality because the Indian quality was the best. Madam, this is where the Government fails today. They do not go for favourable marketing conditions. Why is it done? The Government owes an explanation to the nation. Why is there this tilt? Why was this offer rejected? The Government owes an explanation to the nation. Why was disinvestment done at a point of time when the price was so low? How much had the country lost? The country had lost Rs. 1200 crores.

Madam, my next point is this. Is the Government ready to set up a separate permanent machinery for disinvestment? There should be a full-time machinery. To carry out the process of disinvestment, we want a full-time, independent, machinery. Is it not one of the suggestions that the last Disinvestment Commission had made? The Commission was set up, but it was not heard. A commission was set up and it was ignored; a commission was set up whose recommendations were inconvenient for the Government; therefore, that commission has been disbanded. In its place, a Government Department has been set up. Madam, what does it mean? It means that liberalisation is to take place under the controlled coterie of Indian

bureaucracy. What a contradiction! You speak of liberalisation, you speak of market forces, but you give the responsibility of carrying out a change to bureaucratic control. This is where the paradox lies. It is your baby, your policy, your commitment, but you cannot keep the commitment because you are a prisoner of your own contradictory policy that is now beeing carried on. Let me give you two examples and, with that, I shall finish. Let me speak of IPCL. I hope the country knows what IPCL is. It produces petro-chemical products. Its market share is 30 per cent. The Government has decided to go for a strategic sale. What was the recommendation of the Disinvestment Commission? The Disinvestment Commission had categorically recommended, let me quote: "Care should be taken, while pre-qualifying bidders, to ensure that strategic sale does not lead to market dominance by a single player." It is there in the recommendation. Who violated and ignored it? The Department concerned and the nodal officer concerned had put up a note which was quietly approved by the Cabinet. Madam, kindly understand that the disinvestment as suggested with regard to IPCL was carried out by the Government with breakneck speed. A Government that faulters, a Government that withholds its decisions, a Government which does not know its mind, had taken the shortest possible time for disinvestment of IPCL. For whom? For whose interest? Whom did you want to patronise? Who are your friends? Is it that your friends were those whom you needed a few months back? Did they help you? You wanted to help these friends of yours. It goes without saying that while speaking of market dominance, the Disinvestment Commission had in mind the Reliance Industries because the Reliance industries were controlling 50 per cent of the market of petro-chemical products. The Government in its note, approved by the Cabinet, has said that through market mechanism, the question of domination of a single palyer can be prevented. The pre-qualification condition has been waived. A note, quietly approved by the Cabinet, has been put up by the nodal Ministry saying that through market mechanism, the dominance of a particular player can be prevented. What a tragedy! Law is being manipulated; law is being avoided, law is being changed, recommendations are being violated, to patronise a particular industrial house of the country. Why am I saying so? If Reliance Industry is allowed to take over the IPCL through disinvestment, what is going to happen? Eighty-five per cent of the petrochemical products will be controlled by a single business house. As the petrochemical products are so

important for the country, so vital for the economy, the country will be at its mercy. It will be allowed to control, monopolise, the petrochemical products, against the vital interests of the country. This is how disinvestment is being carried on in clear violation of all norms, all laws and national interest.

Lastly, Madam, I would like to mention the Shipping Corporation of India. The Shipping Corporation of India has not been given the mini-Navratna status still. It is for the Government to say why that status has not been granted to it. It has been identified as a public sector unit where disinvestment is to take place. What is going to happen? The Government's equity will be diluted beyond 50 per cent and, according to the norms, a company having assets worth of Rs.3,000 crores will be taken over by spending Rs.300 crores! The Policy of Disinvestment was conceived by my friend, Mr. Manmohan Singh, as I understand it. But the concept has undergone a miscarriage absolutely and, today, it is an absolute plunder of national resources, plunder of our best assets, created by our predecessors. Therefore, the time has come for the country to take stock of the situation and understand the implications of the uneconomic, unproductive, inimical effect of the way in which disinvestment is carried forward. It is for this House to ask the Government to put a stop to the perilous manner in which disinvestment is being carried forward.

SHRI PRANAB MUKHERJEE: Madam Chairperson, the issue of disinvestment of public sector shares is being discussed now. I would just like to confine my observations to the evolution of this Policy. But, at the same time, I would like to make certain suggestions for the consideration of the Government. I take this opportunity to congratulate the Minister of the new Department and I hope, under his competent guidance, the way in which disinvestment of public sector shares--it has been taking place in a tardy way in recent years--is taking place will be geared up, and there would be a transparent, open, policy which will be pursued in regard to disinvestment of public sector shares.

Firstly, I would like to draw the attention of the Government to the fact that, after all, the concept of Government is continuity. The Disinvestment Commission was set up in 1996. Up to August, 1999, twelve Reports of the Disinvestment Commission have been placed before the

Government. In the very first Report of the Disinvestment Commission, it made certain general suggestions as to how disinvestment should take place, keeping in view the long-term interests of the country and how to ensure transparency. I am sorry to tell you, Madam, that these recommendations were forwarded to the Government in February, 1997 in their first report. And the last report, that is the 12th report, was placed in August, 1998. I do not know whether thereafter any report has come, because I have got only the 12th report. In this report I find that out of 14 recommendations, on as many as 11 recommendations, the Government's comment is - the Government's decisions are awaited. That means, two full years, from February, 1997 to August, 1999, were spent in either accept or reject. I know the Disinvestment Commission is an advisory body and the final decision has to be taken by the Government. But nothing prevents the Government from rejecting the recommendations, which the Government considers not suitable. One important recommendation made was - they suggested to create a disinvestment fund. And the Government of the day said that the Disinvestment Fund has been created in September 1996. But in August 1999, the Disinvestment Commission comments like this. I would like to quote only two lines. On page 2 of the 12th Report it is stated "however, though the Government stated that it had decided to create such a fund in September, 1996, the disinvestment fund is not operational till date." I am not going into the details of the disinvestment fund. But if the Government had readily said that it is an advisory committee, its recommendations are not binding, that would not have accepted by you. They could have said it. They did not say it. On 11 recommendations, they simply informed the Disinvestment Commission, which was your creation. Why am I referring to it? Because this creates lack of confidence in the decision making process of the Government. We create an authority. When we have to create an authority, we come to this House, if it is created through a statute; we create an authority through a resolution, by the executive decisions of the Government; give publicity that these authorities are being created and they will look into it. Thereafter, so far as the role of the Government is concerned, it is a formality. Madam, it is not a very happy situation and nobody would like to have it. It is also not a mere theoretical question. It is true. In 1950s, if we look at the evolution of the public sector's development, at the beginning of the First Plan, we started with five central public sector enterprises with the investment of Rs.29 crores.

4:00 P.M.

Over the years, in 1995, the number has increased to 245 - I am not here talking about the State PSUs. Huge investments were made. Why could not we retain it? Because we forgot one important agenda of the public sector enterprises, that is, to generate adquate resources. If you look at it, within a short span of five years, from 1990 to 1995, the budgetary support to the Central Public Sector Enterprises has been reduced - from 34% to 13%. What was the result? The net loss of the loss making public sector enterprises increased from Rs. 1600 crores to Rs.4910 crores. Just within a span of five years, a situation arose that we did not have money. Therefore, the decision was taken that if we cannot support the public sector enterprises, we must ensure a mechanism which should be transparent, which should be open and which should be clear through which we can have orderly rehabilitation. Successive Finance Ministers, even the present Finance Minister also, have spelt out their scheme of things that, "Yes; we can protect certain units. The sectors which are of high strategic importance to us and which we have reserved for public sector operations, they will continue to be so and in certain sectors which we have opened, where we would like to have our controlling share, even if we go for 49 per cent disinvestment, we would like to have our presence and in certain areas we would like to dispose of the shares where the presence of the Government need not necessarily be dominant." This categorization has taken place. Theoretically, it is all right. My point is this. Why are we not implementing the decisions which we ourselves are taking? I do agree with Shri Gurudas Das Gupta. Successive Finance Ministers had projected certain figures, and on the basis of which they calculated that the budgetary deficit would be reduced to that extent, but at the end of the year the Finance Minister throws his hands and says, "Sorry, we could not get that much amount as we projected. So the revised estimate is changed."

[THE VICE-CHAIRMAN (SHRI SANATAN BISI)in the Chair]

The point I am trying to make is this. This is one issue which is agitating the minds of a large number of people. Yes, for one year, two years or three years, we can think of bridging the revenue gap by disposing of the capital assets. But surely, it cannot be a permanent arrangement. We cannot dispose of the capital assets to bridge the normal budgetary gap and to resort

to consumption expenditure. If the situation becomes inevitable, sometimes, you may have to do it. But this should be few and far between. In the morning when a question was raised that if a non-tangible disinvestment fund had been created, perhaps, from that fund, we could have helped the Hindustan Photo Films to build its research and development units, over the years. This issue was discussed. Mr. Raja Ramanna very correctly pointed out, however we may wish, or we may desire, it may not be possible for us to have the best technology even from the equity participants. We should try to get it. If it is within our competence, we should try to build it up and for that investment is needed. This investment could have been done from this fund.

My second point is this. Sometimes, we run with the hare and hunt with the hound. What do we want to achieve? If we want the market forces to play their role, let the market forces play their role uninterrupted. It is for the Government to decide the share of which public sector unit they would like to sell, they would like to dispose of. I do not find any rationale that if any unit does well, why its shares should be disinvested. If it does not require budgetary support, why should you, in your anxiety, dispose it of? If you want to retain it, you retain it. But if you want to dispose it of, why don't you go to the highest competitive bidder? Why would you like to put restrictions? After all, it is your property. If you don't want to divest it, don't do it. But if you want to do it and if you put so many prequalifications, then the question of individual discretion comes. If you want to go to the market, open a competitive bid, have a level playing field, have transparent procedures and have strict adherence to tender documents. You do it. Nobody will raise any doubt, nobody will put any question that there are some unintended or intended interests and designs trying to take this decision. This should be avoided. At the same time, I do agree that not just the Indian capital market, no capital market can be predicted with precise accuracy. Therefore, the effort should always be to get the maximum gain. And, for that, flexibility should be left to the decision-makers who can judge and who can decide, looking at the market conditions, say, what the best time to off-load is, and so on. There, I think, we cannot simply put pre-conditions because, after all, it is a commercial transaction. But the rules should be transparent; the tender document should be clear; there should not be any ambiguity in it; it should be known to everybody. And, when we are disposing of the shares, to my mind, the only interest should be, what best price I can have. I cannot fulfil

too many objectives with a single set of instruments. If I want to dispose of my shares within the broad policy parameters determined by the Government, the whole objective should be to get the maximum return out of disinvestment.

The third point on which I would like to comment and to which I would like to draw the attention of the Finance Minister is this. Yes, the Disinvestment Commission has been disbanded, and it is for the Government of the day to decide how it will administer the whole thing. But what is of utmost importance is that, it is high time you clearly spell out your policy of disinvestment, and identify the sectors, identify and categorise the units, the shares of which you would like to dispose of. Sometimes, it is really puzzling to us. Take the case of BALCO. It is a highly cash-rich company. The performance is quite reasonable. You will have to be careful especially when you are choosing the strategic partner because you would like to give the controlling shares to him and you would also like to give him the management. But nobody is talking about the 241 units, the loss-making units. They are looking at the highly profitable units through which they can gain something. And, there are certain public sector enterprises in the strategic sectors, which we would not like to dispense with, like the atomic sector and the armament sector. Except them, in other sectors, whichever they are, there should be only one criterion in the mind, and it is that we should not be in too much hurry; we should not be too anxious. You will have to get the resources, not by disposing of the capital . And, there, I do strongly believe that if you dispose of the capital assets, then, create another capital asset, or, you go to the rural infrastructure like health and education. Simply, to meet your budgetary gap and to meet your normal consumption expenditure, kindly do not dispose of the capital assets. There should be a rationality of earmarking these disinvestment funds, and it should not be mixed up with the other tangible arrangements. But clearly specify that these are the areas. Otherwise, it sends its own signals; it creates confusion. Clearly specify what you would like to have. If you want to have new technology, and, for that, disinvestment is needed, do it by all means. But please say, "in these sectors, I would like to have new technology, this is the better technology that I am getting; and, without equity participation, without disinvestment, it is not possible." Then, do it. Otherwise, no. Simply, you cannot say that you want to have somebody else or that you want to get some

money because the market condition is good. That cannot be the approach in this regard. Categorise those Central sectors where the Government should not interfere and where the private sector can do much metter. Surely, we are not living in the fifties. The objective conditions have changed. The success of a policy depends on how quickly we can adjust with the new situation. What was relevant in the fifties need not necessarily be relevant in the nineties. All of us recognise it. And, recognising that fact, when we do feel that Government's intervention in the market should be limited, you allow the market forces to play, but in a manner that it is not distorted by manipulators. The Government's role should be confined to prevent the manipulators from playing their foul games to create market distortions and, at the same time, to work out a transparent set of rules so that the people know what the policies of the Government are and what its role is that it is expected to play.

The last point on which I would like to comment is in regard to the modalities. If we look at it, even in the very first report of the Disinvestment Commission, they have discussed at length the modalities of disinvestment. I have read quite a number of comments that the Government has agreed in principle. Is it is possible for the new Department of Disinvestment to codify the modalities? You have gathered certain experience over the last eight or nine years and, on the basis of that experience, you should codify the modalities. And, once you codify the modalities, it can be a public document; you can discuss it, you can debate it and you can elicit opinion from others concerned as to what improvement is needed. Once you codify it and make it public, then nobody can make allegations that the policies are not transparent, because it will be a public document, saying that these are the modilities, case-by-case studies, on which determination of the prices of a particular PSU is to take place. Nobody expects that the Government should divulge its secrets or any unit should divulge its own secrets. But the methodology and the modality of disinvestment, through which it should take place, and the ultimate use of the corpus which you are realising out of disinvestment, are the two matters on which the Government should be quite clear. To my mind, Mr. Vice-Chairman, Sir, the proceeds of disinvestment resources should not be used to bridge the budgetary gap. It should be sacrosanct. You use it for social infrastructure; I don't mind. But as a conservative, I would prefer that you create capital assets in other areas where you want it and, surely, infrastructure sector is one such area. There is no denying the fact, as in

connection with another debate also I pointed out -- the Leader of the House is present here and he also has the experience of having served as the Deputy Chairman of the Planning Commission -- that we always project a rosy picture in regard to investment in the key infrastructure areas. Both the Deputy Chairman of the Planning Commission and the Finance Minister, share an optimism that, perhaps, this year will be better, like Mr. Micawber in David Copperfield, when he always expected that something better might happen and found that, ultimately, at the end of the day, nothing better happened. Investment in the key infrastructure sector is going down.

SHRI GURUDAS DAS GUPTA: Arbitrary optimism!

SHRI PRANAB MUKHERJEE: Arbitrary optimism, but what else can we do here? We have to live in optimism. We cannot live in pessimism, specially in such a gloomy situation.

SHRI GURUDAS DAS GUPTA: Specially, the Finance Ministers have to be optimistic!

SHRI PRANAB MUKHERJEE: Must be. Otherwise, everything will collapse. He cannot afford to have the luxury of being pessimistic. If he does that, he will surely make everybody, not only pessimistic, but almost broken.

Therefore, Mr. Vice-Chairman, Sir, most respectfully, I would like to submit, whatever we may expect, however high expectations we may have, in the next five or six years, not only during the remaining period of the Ninth Plan, the Union Government has to play a key role in making investment in certain crucial sectors, both in economic infrastructure and in social infrastructure. Surely, I would not like to advise that you go in for each and every thing, which is our habit; sitting there or sitting here, our habits don't change. Accidents of change of seats don't change our habits. We want to grab too many things, knowing fully well that we cannot choose it. Therefore, even in the areas of investment, you identify. If you want 6 per cent of our GDP for education as an indicator of our commitment to social sector, do it by all means, but at the same time, you will have to keep in view that if you earmark 6 per cent of GDP for education, in certain areas, you will have to

cut your cloth. You cannot eat the cake, and at the same time, have it. This is the reason why I suggest that there should be a consensus. I am happy that the Prime Minister said yesterday that he would like to have a consensus. I am waiting to see how the process of consensus is going to be initiated by the Government. Let us decide the priority in the physical infrastructure sectors like power, transport, road. We cannot have everything. At the same time, what we can do is to have a hard assessment of the resources. Therefore, we all feel that certain resources are to be created through the process of disinvestment, not only to reduce your budgetary support -- if the Finance Minister does not have money, he does not have, nobody can help him -- whether he declares it or not, ultimately, it will be proved -- but also to have some money. It is a fact that in a large number of public sector units, you cannot pay the salaries regularly. All the statutory liabilities and responsibilities are not complied with, including insurance and provident fund. Laws are being violated because money is simply not there, and it does not require any formal declaration. This is the hard reality. Therefore, we shall have to go by it. It is not a question of theory. It is not a question of ideological dogma. It is a dire necessity. But when we are doing it, let us take the best advantage of it, and see that we get the maximum out of this process. Let the process be totally transparent. Let the funds generated through the process of disinvestment be used for productive purposes. With these words, Mr. Vice-Chairman, Sir, I thank you very much for giving me this opportunity to speak on this subject.

श्री रामदास अग्रवाल (राजस्थान) : उपसभाध्यक्ष महोदय, अभी चार दिन पहले गए सप्ताह में भी हमने डिस-इंवेस्टमेंट के संबंध में कुछ चर्चा की थी जब गेल का उद्देश्य इस सदन के सामने आया था। उस समय भी मैंने कुछ बातें निवेदन की थी और आज क्योंकि इस विषय पर विसद् चर्चा हो रही है तो मैं अपने विचार आपके सामने प्रस्तुत कर रहा हूं। उपसभाध्यक्ष महोदय, सार्वजनिक उद्योगों के शेयर्स बेचने का यह सिलसिला 1991-92 में प्रारम्भ हुआ। उस समय जब यह तय किया गया तो शायद यह भी सोचा गया था कि इसकी व्यवस्था इस प्रकार की जाए कि उसमें किसी प्रकार की कोई गफलत, घोटाला या बेईमानी न हो सके। इसीलिए उस समय, 1991-92 में एक टारगेट तय किया गया कि सरकार पब्लिक अंडरटेकिंग्स के 2500 करोड़ रुपए के शेयर्स बेचेगी। उस समय की सरकार ने लगभग 3038 करोड़ रुपए के शेयर्स बेचे। उस समय यह सोचा गया कि बंडल्स बनाकर बेचने से शायद अच्छा होगा और उस वक्त की व्यवस्था में बंडल बनाए गए और बंडल बनने के बाद उसमें कितना बंगलिंग हुआ यह हम सबने, उस समय मैं भी सदन में था हम

सबने सुना है। उस व्यवस्था का हश्र किस तरह से हुआ यह हमने देखा। उसके बाद महोदय, 1992-93 में 2500 करोड़ रुपए के शेयर्स बेचने का निर्णय किया गया जबकि कुल 1961 करोड़ रुपए के बेचे गए। 1993-94 में शेयर्स बेचने का लक्ष्य 3500 करोड़ रुपए था जबकि कुछ नहीं बेचे गए। बेचे कुछ नहीं गए बल्कि माइनस 48 शेयर्स रहे । महोदय, 1993-94 में मुझे नहीं लगता कि उस समय की सरकार ने यह तय किया था कि हमें शेयर्स नहीं बेचने हैं । बेचने हैं, ऐसा तय किया था लेकिन उसके बाद वे नहीं बेच पाए । शेयर्स का टार्गेट था 3500 करोड़, उसमें से कुछ भी नहीं बेच पाए । क्यों ? मैं एक सवाल करना चाहता हूं । इस समय हमारे श्री गुरुदास जी यहां नहीं हैं, चले गए हैं, उन्होंने कहा कि सरकार कंटीन्यूइटी में होती है तो मैं सदन में यह पिक्चर इसलिए प्रस्तुत करना चाहता हूं कि हम सब कभी वे, कभी ये या कभी हम सरकार में रह चुके हैं और मैं दिग्दर्शन करना चाहता हूं हरेक का अपना-अपना चित्र कि आपने क्या किया और अब हम क्या करने जा रहे हैं।

महोदय, 1994-95 में 4 हज़ार करोड़ की जगह 5 हज़ार 78 करोड़ के शेयर्स बेचे गए । 1995-96 में सरकार बदल गई थी । उस समय 7 हज़ार करोड़ का टार्गेट तय किया गया और कुल कितने बेचे गए ? 362 करोड़ के, क्यों ? कौन सी सरकार थी, इसका भी विचार करें । फिर 1996-97 में टार्गेट तय किया गया 5 हज़ार करोड़ का, शेयर्स बेचे गए 380 करोड़ के । महोदय, यहां मैं आपसे कहना चाहता हूं कि 1991 से 1996 तक 19 हज़ार 500 करोड़ के शेयर बेचने का लक्ष्य था । जो सरकार रही, उसने कुल शेयर बेचे 10 हज़ार 439 करोड़ रुपए के । आधे के लगभग शेयर वे नहीं बेच पाए । अब हम दूसरी सरकार की तरफ चलें । नई सरकार गठित हुई । 1996-97 में 5 हज़ार करोड़ का लक्ष्य तय किया गया और 380 करोड़ के शेयर बेचे गए । 1997-98 में 4 हज़ार 600 करोड़ का निर्णय किया गया और 912 करोड़ के बेचे गए। जो सरकार निर्णय लेकर अपने निर्णय पर कायम नहीं रह सकी, उस निर्णय को लागू नहीं कर सकी, उस सरकार के लोग आज हमसे पूछ रहे हैं कि आपने शेयर इतने कम दाम में क्यों बेच दिए । मैंने उस दिन भी निवेदन किया था कि "गेल" के शेयर का भाव अगर आपको 145 रुपए मिल रहा था तो आपने क्यों नहीं बेच दिए ? आपको साहस नहीं हुआ होगा । आपने सोचा होगा कि और बढ़ जाएगा । मैं ऐसा भी मान सकता हूं कि भाव बढ़ सकते हैं, उन्होंने यही सोचा होगा लेकिन भाव गिर गए। मैंने उस दिन भी निवेदन किया था कि यह शेयर मार्केट है । यह कभी ऊपर भी जाता है कभी नीचे भी आता है । यहां अभी मैं भाषण दे रहा हूं, आधे घंटे के बाद पता नहीं सौ बिंदु बढ़ जाएंगे या घट जाएंगे । शेयर मार्केट की स्थिरता किसी ने तय नहीं की है और शेयर मार्केट किसी खूंटे से बंधा हुआ व्यापार नहीं है । यह वह व्यापार है जिसमें ऊपर और नीचे होता रहता है ।

महोदय, यह चित्र मैंने इसलिए आपके सामने प्रस्तुत किया है कि सरकारों की जो परफॉरमेंस रही है पिछले समय में, वह हमें जाननी चाहिए और किसी भी सरकार ने अपने लक्ष्य को

उस समय पूरा नहीं किया । क्यों नहीं किया ? हमने व्यवस्थाएं बनाईं । हम स्वयं संसद में रहकर व्यवस्था बनाते रहे । हमने सोचा बंडल बनाना अच्छा होगा, वह व्यवस्था हमने ठुकरा दी । उसके बाद हमने सोचा कि पब्लिक ऑक्शन से बेचना चाहिए, उस व्यवस्था को भी हमने छोड़ दिया । फिर हमने सोचा कि स्ट्रेटेजिक सेल्स की मार्फत हमें शेयर्स बेचने चाहिए । हम उस प्रोसेस में से चल रहे हैं । फिर हमने सोचा जी.डी.आर. के मार्ग पर चलना चाहिए, डिसइनवेस्टमेंट कमीशन बनना चाहिए । ये सारी व्यवस्थाएं हमने कीं और इन सारी व्यवस्थाओं के माध्यम से हम शेयर बेचते रहे लेकिन इसके बावजूद भी इस सरकार, उस सरकार या पहली सरकार पर आरोप-लांछन लगते रहे । महोदय, यह मैं इसलिए निवेदन करना चाहता हूं कि जो सरकार कार्य करेगी या जो सरकार बेचेगी, उसके ऊपर इस प्रकार का लांछन आना ठीक नहीं है । लांछन आने से सरकार कोई कदम नहीं उठा पाएगी । मैं निवेदन करना चाहता हूं कि जिस समय यह डिसइनवेस्टमेंट का निर्णय लिया गया था, उस समय सरकार का उद्देश्य क्या था । मैं जानता हूं और मैंने माननीय मनमोहन सिंह जी का भाषण पार्लियामेंट में सुना था । उस समय भी उन्होंने यही कहा था कि बजटरी सपोर्ट के लिए हमको कुछ शेयर बेचने हैं । अभी माननीय प्रणब मुखर्जी ने कहा कि इसका कहीं अंत होना चाहिए । उपसभाध्यक्ष जी, यह अंत 1991 से 1996 तक तो नहीं किया गया, लगातार शेयर बेचे गए । 1996 से 1998 तक भी नहीं किया गया और आप आज इस अंत की बात कर रहे हैं ? मैं इस बात का समर्थक हूं और माननीय वित्त मंत्री जी से और डिसइनवेस्टमेंट डिपार्टमेंट के मंत्री श्री जेटली जी से कहूंगा कि हमें एक टार्गेट तय करना चाहिए कि हम पब्लिक अंडरटेकिंग्ज़ के शेयर्स का कितना भाग और कौन से वर्ष तक बेचेंगे । और उसके बाद हम अपनी कैपिटल, अपने ऐसेट्स को बेचना बंद कर देंगे और हम अपने बजटरी घाटों को किसी प्रकार से भी इनके साथ जोड़ेंगे नहीं, ऐसी वे घोषणा करें । चर्चा में जब वे इस बात का जवाब दें तो इस बात का टार्गेट तय कर लें कि हमें शेयर्स बेचने हैं एक लाख करोड़ रुपए के, हमें शेयर्स बेचने हैं पचास हजार करोड़ के, और इस वर्ष तक बेचकर हम निपटा देंगे। आगे के घाटों की पूर्ति हम इससे नहीं करेंगे। अगर आपने उस समय निर्णय किया था कि घाटों की पूर्ति इन शेयर्स को बेचकर करनी है तो फिर आज की सरकार, अगर मान लीजिए किसी रूप में इस घाटे की पूर्ति की बात करती है तो उस पर आरोप और आक्षेप की आवश्यकता नहीं है, बल्कि बजटरी आवश्यकताओं की पूर्ति के लिए कोई न कोई कदम सरकार ही उठाएगी। वह टैक्स लगाएगी, शेयर बेचेगी या कुछ और कदम उठाएगी, यह सरकार पर निर्भर करता है, सरकार के निर्णय पर निर्भर करता है। मैं यह निवेदन करना चाहता हूं कि सरकार कोई तार्गेट तय करे कि हम इतने शेयर्स बेचने के बाद कोई शेयर्स नहीं बेचेंगे, कैपिटल नहीं बेचेंगे।

मेरा दूसरा निवेदन यह है कि जैसा कि अभी माननीय प्रणब मुखर्जी ने भी कहा और सरकार भी चाहती है कि वह एक इन्वेस्टमेंट फंड बनाएगी कि जैसा सोचा जाता है कि हम इन्वेस्टमेंट फंड दस

परसेंट, बीस परसेंट और पच्चीस परसेंट ऐसा बनाएंगे, ऐसा सरकार के मानस में कहीं होगा। मैं चाहता हूं और निवेदन करना चाहता हूं कि जो सेल प्रोसीड्स आपके शेयर्स सर्टिफिकेट्स बेचने के बाद आता है कैपिटल को बेचने के बाद आता है, मेहरबानी करके आप यह निर्णय करें और यह सरकार कर सकती है और जेटली जी भी कर सकते हैं। उन्होंने नए विभाग का चार्ज लिया है । मैं उनसे अनुरोध करूंगा कि वे इस प्रकार का निर्णय करें कि जो सेल प्रोसीड हमारे हाथ में आएगा, मेरा सुझाव है निश्चित रूप से उसका पट्रिक्युलर परसेंटेज, मैं समझता हूं कि पचास पर-सेंट तक का रुपया जो सेल प्रोसीड से आता है उसका हिस्सा हम कैपिटल बिल्डिंग में लगांए। हम अपने कैपिटल को बिल्टअप करें औरआज हम अपने चालीस साल से बनाए हुए असेस्ट्स को बचेकर एक रुपए का सौ रुपया या डेढ़ सौ रुपया प्राप्त कर रहे हैं। उसी तरह से हम आज जो इनवेस्टमेंट कैपिटल में करेंगे, दस साल के बाद हमको उसका लाभ दस गुना या पांच गुना मिलेगा। लेकिन यदि सारे ही रुपए किसी भी प्रकार के सरकार कंसोलिडेट बजट में डालकर खर्च कर दिए जाएं तो यह फिर कैपिटल बेचते रहना किसी भी अच्छी सरकार का उदाहरण नहीं हो सकता। अच्छी सरकार वही होगी जो कैपिटल को कैश करती है लेकिन कैपिटल कैश करने के साथ ही कैपिटल बिल्टअप भी करती है। मुझे विश्वास है कि यशवंत सिन्हा जी अच्छे वित्त मंत्री हैं। उनके कार्यकाल में वित्त मंत्रालय ने काफी अच्छे काम किए हैं। मैं समझता हूं कि यह सुझाव उनके जेहन में आएगा कि हम इस प्रकार से जो भी कैपिटल इक्ठी करते हैं , निश्चित रूप से उसका कुछ भाग कैपिटल बिल्डिंग के लिए लगाएं।

महोदय, मैं एक और छोटा सवाल करना चाहता हूं कि टोटल कैपिटल इक्ट्ठी करने का निर्णय लिया गया था, 44,300 करोड़, जैसा कि गुरुदास दास जी ने कहा। गुरुदास दास जी ने कहा अभी तक की कुल सेल प्रोसीड्स हुई है 20,689 और गुरुदास दास जी ने कहा 18,288, लकिन कौन से फैक्ट्स सही हैं यह तो वित्त मंत्री जी बताएंगे। लेकिन बहरहाल इतना निश्चित है कि हमने पचास परसेंट से ज्यादा एचिव नहीं किया है। हम पचास परसेंट का टार्गेट एचिव क्यों नहीं कर पाए? जब हम अनुभव करते थे कि इसकी आवश्यकता है, इसकी जरूरत है तो हम अपनी जरूरत भी इस प्रकार के सेल प्रोसीड्स से क्यों पूरी नहीं कर पाए। इसके पीछे कारण क्या हैं? इन कारणों की मीमांसा की जानी चाहिए। इन कारणों को जानकर आगे इस प्रकार टार्गेट फिक्स करते समय केवल वही फिक्स किया जाए कि हमको इतने रुपए के शेयर्स बेचने हैं। इसका एक व्यापारिक कारण है और इसको मैं एक व्यापार के नाते समझता हूं। अगर हमने यह कहा कि हम 20,000 करोड़ रुपए के शेयर्स बेचेंगे और हम बेच नहीं पाते हैं , बाजार सस्ता हो जाता है क्योंकि लोगों को पता लगेगा कि आपको 20,000 करोड़ रुपए के शेयर्स बेचने आपकी मजबूरी है, आपकी आवश्यकता है, आपको बेचने ही पड़ेंगे। ऐसी हालत में यह सवाल आ जाता है कि हमारे शेयर्स का बाजार गिर

सकता है । इसलिए आपको तो बेचना है, इससे अधिक का तार्गेट आप तय न करें जितना बेचना है, उतना ही उस वर्ष में बेचें। ऐसा तार्गेट तय करें जो एचिव किया जा सके। ऐसा तार्गेट तय करें जिससे आपको बेचने में कोई असुविधा न हो और स्टाक मार्किट आपका साथ दे सके। चाहे जीडीआर की मार्फत हो, चाहे और किसी की मार्फत हो। लेकिन मार्किट को आपका साथ देना चाहिए। इसलिए आपको ऐसी व्यवस्था बनानी चाहिए ताकि शेयर्स बेचते समय मार्किट बहुत ज्यादा डाउन न हो। हमारे मार्किट में जाते ही बाजार गिर जाएगा और अच्छी प्राइस प्राप्त नहीं होगी क्योंकि सरकार का पूर्व उद्देश्य यही है कि हमको अच्छी प्राइस प्राप्त करनी है । सबसे बड़ा आक्षेप यह आता है कि हमने इस प्राइस पर या उस प्राइस पर क्यों बेचा। हमें अच्छी प्राइस प्राप्त हो यही सबसे बड़ा और मोटा लक्ष्य है। मैं समझता हूं कि यहां यशवन्त सिन्हा जी बैठे हैं, जेटली जी भी बैठे हैं निश्चित रूप से इस बात के प्रति कांशेस रहेंगे, पारदर्शी रहेंगे । ऐसी व्यवस्था प्रधानमंत्री जी ने बनाई है, उन्होंने डिसइनवेस्टमेंट डिपार्टमेंट बना दिया है, डिसइनवेस्टमेंट कमीशन भी बना दिया जाएगा, फिर से उसका पुनर्गठन किया जाएगा, प्रधानमंत्री जी ने ऐसा कहा है । ऐसी व्यवस्था हम तय करेंगे, उपसभाध्यक्ष महोदय, जिसमें कहीं पर भी उंगली उठाने का मौका न मिलेगा । वामपंथी तो उंगली उठाते रहेंगे । उंगली उठाने का उनका स्वभाव है फिर भी मैं उनके सुझावों का स्वागत करता हूं लेकिन उनका व्यापार और बाकी चीजों से कोई लेन-देन नहीं है । उनको पब्लिक अंडरटेकिंग्स इसलिए चाहिए कि उनका जो काम वहां चलता है वह ठीक तरह से चलता रहे । इससे ज्यादा उनको इस मामले में कोई समझ नहीं है । हम कहते हैं कि इसे समझिए और उसके बाद ज्ञानवर्द्धक बातें कीजिए । ...(**व्यवधान**) महोदय, मैं इसलिए कह रहा हूं क्योंकि जब तक उनसे बातचीत नहीं होती...(**व्यवधान**)

श्री दीपांकर मुखर्जी (पश्चिमी बंगाल) : "न रहेगा बांस न बजेगी बांसुरी ।''

उपसभाध्यक्ष (श्री सनातन बिसि) : रामदास जी आप कनक्लूड कीजिए ।

श्री रामदास अग्रवाल : उपसभाध्यक्ष महोदय, मैं कनक्लूड करते हुए अपने कुछ सुझाव देना चाहता हूं । डिसइन्वेस्टमेंट की पालिसी में सरकार तीन बातों का निर्णय करे :-

(1) डिसइन्वेस्टमेंट का सिलसिला कब तक चलता रहेगा ।

(2) डिसइन्वेस्टमेंट करने के लिए, अच्छे प्राइज प्राप्त करने के लिए एक स्ट्रेटेजी बनानी पड़ेगी तथा वह कांफिडेंशियल होनी चाहिए, यदि लोगों में इसकी चर्चा की जाएगी तो मार्केट में जितना प्राइज हम प्राप्त करना चाहते हैं वे नहीं मिल पाएगा क्योंकि हम करोड़ों के शेयर बेचेंगे और जब मार्केट में जाएंगे तो डिमाण्ड एण्ड सप्लाई सिद्धांत

के आधार पर वहां पर इन्फ्लुएशन होगा इसलिए मैं निवेदन करना चाहता हूं कि ऐसी कान्फिडेंशियल और पारदर्शी व्यवस्था बनाने के लिए हमारी सरकार को आगे आना चाहिए।

(3) जो कैपिटल रेज करके अपने हाथ में लेते हैं उसका कम से कम 50 परसेंट हिस्सा हम आगे के इन्वेस्टमेंट के लिए इन्फ्रास्ट्रक्चर के लिए डालें, यह मेरा सुझाव है । आपने बोलने का मौका दिया इसके लिए बहुत-बहुत धन्यवाद ।

SHRI DIPANKAR MUKHERJEE: Sir, today's discussion is on the disinvestment policy of the Government. I am sure all will agree with me when I say that any policy is an offshoot of an objective. Unless we have an objective, we cannot have a policy. The Parliament will formulate a policy, but based on certain objectives. And after formulating a policy, we go to the implementation part. Unfortunately, now, it is very clear that there has been a lot of confusion in the implementation part. We are talking about targets of Rs. 10,000 crores or Rs. 8,000 crores or Rs. 6,000 crores. So far as the objective part of it is concerned, there is a confusion; rather confusions will definitely emanate. Mr. Jaitley is a new Minister for Disinvestment. I wish, as a brilliant young professional, he would have been a Minister for revival and industrial reconstruction because this gives a constructive objective of reviving some sick industries and reconstruction of sick industries, instead of a Minister for disinvestments. Sir, disinvestment means, disposal. Unfortunately, Indian history has been replete with instances for centuries where we have been successful in disposing of our assets through means which were criticized or applauded in different times. Coming to the objective, there has been a confusion. Sir, I would like to give you a small example. It is not for scoring any debating point between the Ministry of Finance or the Ministry of Petroleum and Natural Gas, but it shows how the cofusion has emanated. Sir, on 2nd December, 1999, I myself and comrade Nilotpal Basu, had listed certain questions relating to disinvestment of GAIL. The point is, we gave a notice for the Ministry of Petroleum and Natural Gas. The questions did not come. On further enquiry, we came to know that the questions were sent from the Ministry of Petroleum to the Rajya Sabha Secretariat saying that disinvestment issues have to be addressed to the Ministry of Finance. Our questions were then sent to the Ministry of Finance. They came back from the Ministry of Finance saying that the Finance Ministry will deal so far as disinvestments policy is concerned. If it were

relating to a particular department or a company, it would be dealt with by that department. In the process we could not place the question. It has now come to the new Minister. So, this confusion is there. Why? We can divide the whole subject. I will restrict myself. It is a continuation. We are discussing this. So, things, like this is United Front's business. This is Congress' business, should not come, when you are discussing about disinvestment. On 19th December, 1996, we had a Calling Attention on 'Disinvestment Policy Regarding Public Sector Undertakings'. It was moved by the CPI(M). Mr. Malkani may remember because he had participated in the discussion, I will quote some very good points from what he said. So, we are talking about policy objectives. One thing let us keep in mind that we are not talking about the sick public sector undertakings. Please forget about them. We are not discussing that. That is not the issue. The issue is that the disinvestment is being done only for profit-making units, which we are now calling 'blue-chip *navratana* companies'. If we restrict ourselves to this subject, then there are two sides of this issue. Today Mr. Pranab Mukherjee said -- now he is not here -- that he was opposing, though he said it very mildly, disinvestment of profit-making public sector undertakings. If what he said was his party's views, then this is what was our stand right from day one, when the disinvestment policy was initiated by the Congress Government in 1991. So far as disinvestment of profit-making public sector undertakings is concerned, we are basically opposed to it. If someone agrees, someone says, "No, even profit-making companies have to be disinvested", well, they can demarcate them very clearly. Today the discussion is on the modalities of disinvestment. *(Interruptions)* I am coming to that. There are two parts of it. Once the objective is clear, then only we can come to the policy. The public sector has been created by all of us, not by the Leftists only. I mean, the public sector is not the child of the Leftists. It is the creation of the whole country. I will come to the *'navratanas'* later on. The point is whether we should disinvest profit-making companies or not. If Mr. Pranab Mukherjee says, "No, we should not", then, we have been saying this since 1991. देर आयाद, दुरुस्त आयाद । बोले तो हैं । I would like to know from the other side also. What has been the objective? अग्रवाल जी, यह मैं व्यापारी के ढंग से आप लोगों से पूछना चाहता हूं । We had this policy in 1991. Should we not again review it *vis-a-vis* the objective? Have we gained something? Have we lost something? Have you reviewed it? I am coming to facts, I am not going in for a generalised discussion. About the objective of disinvestment, the Industrial Policy

Statement of 1991 says , "In order to raise resources and encourage wider public participation..." These were the two objectives. Even the Finance Minister also says the same thing. So far as raising resources is concerned, I will come to it later. First, I will take up the objective of wider public participation. We have received Rs. 18,000 crores through disinvestment . Has this led to a wider public participation? Now, I come to what the National United Front said when they set out their policy. The National United Front Government said, "The revenues generated from such disinvestment will be utilized in two vital areas, that is, health and education, particularly in poor and backward areas of the countries. A part of such revenues will be earmarked to create an investment fund, which will be used to strengthen other public sector enterprises." These were the objectives of the United Front Government. Where do we stand now? Sir, we are opposing this. I am repeating here what was said in October, 1996. Why were we opposed to disinvestment of public sector? This is because without creation of another asset, disposal of assets, and without creation of any asset out of it, disinvestment does not make any sense. Today, after 8 years, Rs. 18,000 crores worth has been disinvested. This was the asset which was given to you. You have disposed of Rs. 18,000 crores. What assets have you built out of Rs. 18,000 crores? I am not going into the modality. What will be our reply irrespective of which Government has come here and there? Sir, now regarding the dilution of ownership. It is 6-7%, I have said specifically and I again repeat that so far as ownership is concerned, ownership does not decide the efficiency of a plant or of a unit or of a company. There are two types of efficiencies. I am a technical man. I can say that if it is operational efficiency, output is devided by input. For that you do not require a machine, your machine is already there, you give the input. The next thing is management. The share-holding pattern of a company does not decide the efficiency of management of a company. There can be good private companies and there can be bad public sector companies. There can be good public sector companies and bad private sector companies. In some good private companies, the financial institutions have more shares. Now, those shares are owned by the President of India and in some good companies, public sector companies, like BHEL and others, the President has got his own shares. Now, it is not that because the shares owned by the President of India are diluted, either through financial institutions or by the Ministry of Heavy Industries, the dilution of that share will make the efficiency of a plant or the

profitability of a plant. Today, in the public enterprise's survey if you see the objective, we have not changed the objective. Look at the confusion. I was quietly listening again when Shri Pranab Mukherjee was saying that we did not generate additional resources. This is one of the objectives of the public sector enterprise. We are not discussing about those who have not produced additional resources. This is a different thing. But your Gas Authority, BHEL or ONGC, so far as this particular objective is concerned, which is absolutely a commercial objective, did not lack in that. There are 3-4 more objectives which are still there in the public enterprises. These are the objectives of the public enterprises. You will say that it is a jargon of the Leftists. It is not the jargon of the Leftists. In our Constitution we still write Sovereign, Socialist, Secular, Democratic Republic. Okay. The Constitution still remains. But in the list of objectives of the public sector, this objective still remains, apart from promoting redistribution of income. This is one object. The 1998-99 public sector enterprises' survey is here to provide balanced regional development, to promote import substitution and earn foreign exchange. Now, at that time also we talked about allocative efficiency. This is not a mechanical efficiency or a technical efficiency or a profit-earning efficiency. This is an allocative efficiency which has been thrust on the public sector. When you are assessing the efficiency of the public sector enterprises, you put these four factors and then assess their efficiency. Otherwise, taking only one side will not help.

In the recent Orissa cyclone, 80% public sector enterprises were called to adopt the villages. BHEL, which has no business in Orissa, has to adopt 5-6 villages. This is one of the objectives of the public sector enterprises. How many villages have been adopted by all these new friends of this Government, namely, CII, FICCI? So, why this disinvestment? Today, when you want that someone has to invest in cyclone affected areas, it is the public sector enterprises and you want to disinvest the same enterprises which have invested in the cyclone affected areas. In this way, you are totally mingling with the objectives. We are opposed to the disinvestments *vis-a-vis* private profit-making companies because these companies are not, in any way, serving the purpose for which these have been set up. You said, "Okay; we are giving the budgetary support". When some companies were identified as *Navratna* companies, what was the objective? The objective was that these companies will be global players. The Government wants to

make them global players. Now, these global players are being asked ...*(Interruptions)*....

SHRI RAMDAS AGARWAL: One minute, please. उपसभाध्यक्ष महोदय, अभी माननीय सदस्य ने उड़ीसा साइक्लोन का जिक्र किया और कहा कि वहां बाकी लोगों ने कुछ नहीं किया । महोदय, मेरा संबंध उड़ीसा से है और आप भी उड़ीसा से आते हैं और इसलिए मैं समझता हूं और उन से निवेदन करना चाहता हूं कि जहां पब्लिक सेक्टर अंडरटेकिंग्स ने बहुत सहायता की उसी तरह से वहां प्राइवेट सेक्टर के लोगों ने भी बहुत मदद भेजी है । शायद यह तथ्य आप की नॉलेज में भी होगा, इसलिए हमें यह नहीं कहना चाहिए कि बाकी लोगों ने कुछ नहीं किया। ...**(व्यवधान)**....

SHRI DIPANKAR MUKHERJEE: I will take five minutes more, Sir. कुछ नही किया That is not the question. Why should I be apologetic about it? They have the right. We are the owners of the public sector. We want to close it. We want to invest in it. We want to disinvest in it. This should be our decision. Our competitors are private sector undertakings. Should they advise the Government on how to disinvest? I may be wrong. But, have they got the right? Your Government is talking to them. If it is to improve their performance, it is all right. But this is your property. We are the custodians of the public sector. I want to sell my house. Should I go to the fellow who is interested in buying my house and tell him, "You will advise me on how to sell my house."? He is a lawyer. He knows this better than me. He can justify both sides. But I am asking him about this. You tell me whether it is justified. The Bharat Heavy Electricals is my company. Suppose X, Y or Z is interested in that company. I am not blaming anybody. I am not going to name anybody. As he says, you have got the right. But I am the *malik*. I am the owner. I am calling him and telling him, "Come. Advise me on how the BHEL shares should have to be disinvested." What is the level-playing field? What are we talking about? The Navratna players are global players. I do not know about the paper business, about what he said. But I do not understand the reason. I asked about it the other day, and I again ask about it. I worked in the BHEL. I am not a big businessman. I am a professional like him. He is a member of the Bar Association. If something is decided about law, can the Bar Association be kept aside? You are telling about the workers. How many engineers and how many professionals were approached? Did you take the advice of professionals, engineers, cost

accountants, doctors, etc. who made these public assets? Have you contacted them at all? You talk to industrial owners. They are the repositories of all knowledge! You don't talk to professionals. Have you talked to the NTPC or the Institute of Electrical Engineers? I have seen the British Parliament, the House of Commons. The Institute of Electrical Engineers gave them papers on privatisation business, and there was a discussion on that.

What is happening in this country? This is what we are going to disinvest. I am quoting from the National Democratic Alliance's Agenda. These are the achievements in their 13 months. Very rightly, this has been pointed out about one of our public sector Navratnas, the NTPC. This is not the CPI(M)'s manifesto. This is that of the NDA. It says:

"NTPC has achieved a global structure." Very correct.

"It has become the sixth largest generator in terms of thermal generation and the most efficient in capacity utilisation among top generators in the world."वर्कर तो अच्छा नहीं लगता है, इंजीनियर की डिग्री है हमारे पास । एन0टी0पी0सी0 इंजीनियर I may be an engineer or a manager or the Chairman of the NTPC. I am a part of the most efficient capacity-utilisation company among the top generators in the world. Then, why should the Minister come and tell this thing to Parliament? This is hardly a couple of months back. The question was: What are we going to do for the NTPC? The reply is: "Government is considering various opinions, including disinvestments by liberalisation..." क्या शब्द हैं, मैं समझ नहीं सकता ।

> "...of the financial strength of NTPC and PGCL for taking up an accelerated power development and transmission programme."

What does it mean? You tell us what you want from the public sector. What is that you want us to do? I am not going into whosoever he is. What exactly do you want us to do? My *thappa*, brand is public sector. I am a Navratna company and one of the topmost generators. Still, the Minister will decide or some Secretary will decide that the NHPC will be sold to the NTPC. What is happening? What is your policy regarding *Nav Ratna* companies? Please come out. We are opposed to even half a per cent disinvestment for these. You have no professional justification for that.

Now, I come to the last point . I know why this is being sold. When we discuss it here, there are two to three points on which there is unanimity. Agarwal Ji, it is not the Leftist point. One suggestion has come -- and it was a recommendation of the Disinvestment Commission -- that a Disinvestment Fund has to be created. Some Government replied that a fund has been created in 1996-97. A few days back, this Government in the Lok Sabha said that this recommendation of the Disinvestment Commission is still under consideration. The point is, what is the position on the fund? Every one of us points to this. He has said on this; Shri Gurudas Das Gupta has said on this, we are all saying this and the Disinvestment Commission says this. My point is, will the Government agree to the creation of the Disinvestment fund before doing all this exercise regarding disinvestment? This is my first point.

My second point is -- there also there is a lot of agreement -- a very strong point. That is, delink disinvestment exercise from Budgetary exercise. This is the recommendation of the Disinvestment Commission. The first generation reformer has also said that he does not want it to be a source for meeting Budgetary deficit. Forget about debts. Please allow me to quote from the debate of 19th December, 1996. Here I quote Mr. Malkani with your kind permission. Mr. Malkani has said it very correctly, and I quote: "There is a suggestion that the PSUs should be disinvested so that the money is available to cover the Budgerary deficit. Here are vital national assets. -- It is absolutely correct, Sir." " How can we dissipate these in this manner, because you are continuing deficits year after year. So, this kind of an approach is very unhealthy and very wrong." Sir, we fully agree with him. He said this, and I know, he will never deny. Today morning, I called on Mr. Narendra Mohan and told him that I would have to quote him. He is not here. Someone should tell him. On the same day, on 19th December, he said: "I feel the present policy of disinvestment needs a complete reversal. The House should be reassured that there will not be any disinvestment. If disinvestment is done without any purpose, without any guideline, without any proper appreciation of the fiscal needs of the country, it will harm the nation. Thank you."

"Again, another most important reason is -- it is ridiculous to reduce the fiscal deficit through disinvestment." My friend, Mr. Malkani, has categorically spoken against it. I feel, cutting across party affiliations, we

5:00 P.M.

should agree that disinvestment should not be a part of the Budgetary exercise. We should take a decision that till a Budgetary exercise is over, we will not talk about disinvestment, that disinvestment will be reviewed only after the Budget is over. Can you agree on this minimum consensus? I am opposed to disinvestment, but notwithstanding that, on these two points, where there appears to be a consensus, if the Government agrees, then there is some result of this discussion on disinvestment policy. We had discussed it in 1996-97 also. Let it not be a talking shop. Let us do something to protect the *Nav Ratnas*. On these two points, where we have consensus, including Mr. Malkani, including Mr. Pranab Mukherjee, can we say specifically that this is the result of today's discussion? Thank you very much.

SHRI SANTOSH BAGRODIA (Rajasthan) : Mr. Vice-Chairman, Sir, thank you very much for giving me this opportunity to speak on the disinvestment policy of the Government When we talk of disinvestment of a public sector unit, obviously, there is some investment. Just now, my colleague, who spoke before me has mentioned, "What was the purpose of the public sector undertaking? What was the purpose of disinvestment? Is that distribution of income? " I want to draw his kind attention to the fact that you can distribute income, if at all there is an income. Why did this situation of disinvestment arise? The whole purpose was getting defeated. There is no income. If you consider these figures, today the assets of the public sector undertakings are about Rs.5,000 crores against which there is a loss up to March, 1998, of Rs.42,500 crores. Instead of getting more wealth, the invested wealth is going down the drain. What is the reason for this? As a Member of the Standing Committee on Industry, I had visited almost all the industries throughout the country. I was really in tears when I found so much of wealth being wasted. There was no production. There are many industries. In Bharat Heavy Engineering Corporation, Ranchi, there were 22,000 employees. Now there are only 9,000 employees. There is no production. I am not saying who is at fault. I am not saying the worker is at fault in deciding the matter. But the fact remains that that industry is idle. The investment is going waste. We have to do something about it. The question is of over capacity. Today morning, the first question was about the Hindustan Photo Films Ltd. Just for the information of the Minister for Disinvestment, Mr. Arun Jaitley, I want to inform him and the House that the capacity of the Hindustan Photo Films

Ltd., is ten times the demand required in the country. If you require 'X' product, the capacity of that product is ten times. This capacity was created about five or ten years ago. I cannot find any justification with this kind of investment. Practically, there was a wrong investment. Whoever did it, whichever Government did it, I am not concerned. But this investment was wrong. All through, I have been talking about fixing the accountability. There is no accountability. We will go on changing the officers. When there is no accountability, the result is that, the new officer will say, "I joined only recently. I do not know what is happening." After some time he will go and he will say, " I am going. Somebody else will come and bother about this unit." This is what is happening in all the PSUs. There is no market strategy. Mr. Vice-Chairman, Sir, you will be surprised to know that managements of these units told me, "We do not have marketing managers." A number of PSUs do not have marketing managers. They do not have any marketing strategy, because it was all monopoly. They complain, "So and so party, Railways, have not come to us to place orders." They do not want to get out of their air-conditioned rooms, even to collect orders. How can you run this kind of production units? In view of this, a decision has been taken about disinvestment. I think, we do need this disinvestment. But I fully agree with my colleague that this disinvestment is for what. If you are going to disinvest only the good companies -- as he said about the *navratna* companies-- what will happen to other companies? For example, I have got a list. From 1991-92, Andrew Yule Company, '0' disinvestment, Cochin Refineries, '0' disinvestment, Bongaigon '0' disinvestment. Then, Dredging Corporation, '0' disinvestment. How many zeroes are there? The shares of good companies only are disinvested. In the case of the Container Corporation, we have been able to disinvest, in 1998-99, Rs.22,000 crores worth of shares. In the case of the Gas Authority, we have disinvested shares worth Rs.181 crores. We have been able to disinvest shares worth Rs.785 crores in the case of Vidhesh Sanchar Nigam. Nothing else. What happens to the other 38 companies or 74 companies which have gone to the BIFR. I am not willing to accept that they cannot be disinvested. I am not willing to accept it. I will give you an example--the Cycle Corporation of India in Calcutta. There are buyers. When we were sitting in the Committee, even the Cycle Corporation Managing Director said, "Yes, I have somebody who is willing to buy." But we are not willing to sell! We have got methods--red-tapism and all that--by which we do not want to sell. If these companies which are closed for 10

years are also not sold, if you go on selling only the good companies like the Navratnas, let me tell you, the day will come when the Ratnas will become stones and those stones will hit all of you, hit all of us. स्क्रैप होने से भी ठीक है । वह पत्थर चलेंगे हमारे ऊपर जब ये पब्लिक जो कि वहां काम कर रही है, सब हम पोलिटिशियंस के ऊपर बरसेगी कि आप लोगों ने क्यों नहीं इसको ठीक किया ? उस समय क्या जवाब होगा हमारे पास ? चाहे हम वहां बैठें, चाहे हम यहां बैठें, उसका जवाब यहां पार्लियामेंट में जो एम.पीज़ बैठे हैं, उनको देना पड़ेगा । And you will have no reply.

Sir, these NPAs-- the hon. Finance Minister will agree--these are basically NPAs, non-productive assets, belonging either to the private sector or the public sector, They have to be sold because at least fresh expenses will be stopped. Otherwise, if you do not sell them, we are adding more and more expenses. So, they have to be sold out.

SHRI VALYALAR RAVI (Kerala): Mr. Vice-Chairman, Sir, I quite agree with him. Disinvestment should be of non-productive assets; valuable assets should be preserved.

THE VICE-CHAIRMAN (SHRI SANATAN BISI): You have your own time.

SHRI SANTOSH BAGRODIA: You sell these things not to meet the expensive spending habits or deficit financning. This is a very important factor. We do not sell these NPAs or the assets of the companies which have been created in many years--30 years or 40 years--to meet spending habits. Please do not misuse them for the expensive spending habits of the Government. You have to create fresh assets, fresh productive assets, either in infrastructure or any kind of assets which can get you some revenue back. If you are just going to spend for deficit financing, it will be a mismanagement of the house, bad management of the house. And the day will come when the country's finances will collapse. Sir, it is morally untenable that the disinvestment proceeds are used to cover fiscal deficits. It is morally untenable

Coming back to the purpose of disinvestment, it is also said that it is for wider public participation and to raise resources. Raise resources, for

what purpose? Not to meet the expenses but to better the life of the countrymen. And, how will the second purpose of wider public participation be served if the whole lot of thing is sold to one party in Britain? How will that purpose be served if you sell GAIL shares to one party in Britain or to somebody else who wants to be your competitor? I was shocked to hear one thing during an earlier discussion. It was for the first time when hon. Member Mr. K.K. Birla also reacted. In 16 years, I have seen him for the first time reacting. That was when the Minister said that because it was a bulk of shares, the price was less. I am not going into the question whether it was 79 or 140. He mentioned 'wholesale price' of shares. Sir, let me inform him that the wholesale price of shares is always more, not less, because that is how you get the management of a company. If you have got a strategic sale.... *(Interruptions)*

SHRI JAYANT KUMAR MALHOUTRA (Uttar Pradesh): Mr. Bagrodia, there is no such thing like wholesale price of shares.

SHRI SANTOSH BAGRODIA: Malhoutraji, I fully agree with you that there is no such thing like wholesale price of shares. By wholesale shares I mean the bulk shares and bulk shares means the management shares. If bulk shares are sold with the management, the normal economic procedure is that you get 250 per cent shares of the market value. If the market value is Rs. 100/-, you will get Rs. 250/-. This is a thumb rule. If you give bulk shares, you can participate in the management. *(Interruptions)* Malhoutraji, by bulk shares, I mean the management shares by which you can participate in the management. I fully agree with you that the bulk shares always remain with the management. Otherwise, there is no use of having the bulk shares. If you give him part shares, then slowly and slowly what will happen? What has happened in the MUL? Firstly, their share was 23 per cent. It became 50 per cent. With only one per cent more shares, they became the owner of the entire MUL. The share of Maruti was only one per cent. Now, they have got 51 per cent shares. 49 per cent of the shares are with the Government. What is the use of holding 49 per cent shares? The Government can do nothing. I also suggest that this policy of 74 per cent disinvestment, 51 per cent disinvestment requires a modification. What is the use of 74 per cent disinvestment? If you want to disinvest, disinvest in full. Get out of this problem. Why do you want to hold back to 26 per cent? What is the purpose of holding 49 per cent shares? So, you have to evolve a transparent system.

Sir, then I would like to know one more thing. Is this new Ministry a permanent Ministry or a temporary Ministry? I am referring to this thing because if it is a temporary Ministry, in that event, all disinvestment up to a target will be finished in one year or two years. Thereafter, either this Ministry will not be required or it will go on slowly with 2 per cent, 3 per cent or 5 per cent. In that event, this Ministry will be required for the next twenty years. What is the purpose of creating this Ministry? Is it a replacement of the Disinvestment Commission?

उपसभाध्यक्ष (श्री सनातन बिसि) : नहीं-नहीं, टाईम हो गया आपका।

श्री सन्तोष बागड़ोदिया : सर, मेरा टाईम हो गया, मैं ऊपर चला जाऊं।

I will only take one minute. There was a suggestion that the Government should consult Mr. Mittal who is the most successful steel man in the world. This is a fact. He is the most successful steel man in the world, who can produce steel, who knows how to produce the cheapest steel in the world, who has purchased steel units not only in the U.S.A. but also in the U.S.S.R. Why don't you take his advice? You are willing to pay lakhs and lakhs of rupees to the advisors. Why don't you spend money for his advice? You use the expertise of these experts. These NRIs or other Indians are experts who can help you to run these units properly. Sir, I will just read out the points. We must use dedicated professionals for disinvestment. We must empower the Disinvestment Commission or the Ministry with reputed and dedicated finance professionals. The Government must provide basic guidelines and leave micro decisions to these professionals. This will upgrade the country's rating with the international investors.

Mr. Vice-Chairman, Sir, I am sure, this process of disinvestment will be more purposeful; otherwise, after some time, they will have to form another Ministry, and nothing will happen. That is all. Thank you very much, Sir.

SHRI P. PRABHAKAR REDDY (Aandhra Pradesh): I thank you, Mr. Vice-Chairperson, for giving me the opportunity to participate in this debate. Hon. Members who spoke earlier had expressed their divergent views on the subject. Sir, many of us, cutting across party lines, have had

expressed their deep anguish and great anxiety about the financial position through which the Government of India was going through. Sir, the fiscal deficit was increasing and the expenditure was going uncontolled and unbridled. The revenues were going down. Sir, this is the situation obtaining on one side, and on the other side, the health of the public sector undertakings was a cause for great concern. The Government's investment in public sector undertakings is believed to be to the tune of Rs.2,00,000 crores. As against that, our Government is getting a paltry revenue of only one per cent. This sums up how inefficiently the public sector undertakings are being run, and what a drain on the Government finances!

Sir, as a panacea, as a remedy, to these problems, disinvestment was thought to be the best route, and, as such, nobody should object to this disinvestment of public sector undertakings, and nobody justifies that the Government should spend its precious money just to keep the public sector undertakings alive. Therefore, my view is that one should support the disinvestment process *per se*. Sir, I may submit that this disinvestment has not been thought of for the first time. This has been going on ever since the liberalisation process was set in. Successive Governments have attempted, though intermittently, but our hon. Finance Minister, in his Budget Speech, has articulated his intention to raise Rs.10,000 crores through disinvestment. But everyone knows the political developments, and subsequently, the fall of the Government. With the result, till October, not a rupee could be raised through disinvestment. When the Caretaker Government was trying to raise the money, there was a hue and cry that the Caretaker Government should not touch; they should keep their hands off. Therefore, till October, not even one rupee could be raised. But after the Government was elected, and the Finance Minister took over charge, he reiterated his intention of raising Rs.10,000 crores. Never mind the loss of time! But he said that the Government is determined to raise Rs.10,000 crores. The Government's anxiety one can understand, but an impression should not be given that the Government is desperate to raise this sum of Rs.10,000 crores in any which way.

Sir, what I am trying to drive home is, there must be a set policy, there must be a body comprising professionals to advise the Government as to how to go about, because many Members have expressed the same thing. There are many intricate decisions that have to be taken in the matter of

disinvestment. For example, the timing is of paramount importance. When the share should be off-loaded, the price at which it should be off-loaded, whether it should be done in wholesale or whether it should be done piecemeal, and if it has to be done piecemeal, the time over which it should be done and the target group to whom the shares should be sold. If the shares should be sold to the financial institutions, or, to the FII's, or, to the general public, these are matters on which the Government should be advised by a professional body. The presence of a professional body and the advice of the professional body is all the more necessary because public sector undertakings fall under different Ministries. In the Civil Aviation Ministry, there is a public sector undertaking, in the Chemical and Fertilizers Ministry there is a public sector undertaking. The Minister should not take his own view and his own decision in the matter. There must be some consistency and there must be a body to advise the Government on this. For example, during its last tenure when the Government attempted to disinvest, it wanted to disinvest through cross-holding and the Government came under severe criticism for doing that. But if you see the statement of the hon. Power Minister, recently he had announced that the NTPC is going to acquire the shares of NHPC, which were valued at four thousand five hundred crores of rupees. This was an important decision. It had taken everybody by surprise. The irony is that the NTPC Chairman, who was present there was also taken by surprise. Even he was also not aware of it. This is not a small issue. If the Government has no professional body, or, a special policy, these things will arise and there will be utter confusion. This is my submission.

Lastly, I would request the hon. Finance Minister to take into consideration two important things regarding this disinvestment process. One is that the Government is going about shopping and they want to disinvest and raise about ten thousand crores of rupees from the public. What would be its impact on the capital market? So many volumes are going to come in such a short span of five months. What is going to be the impact on the capital market? This should be considered by the Finance Minister and by the Government. The second point is that the hon. Finance Minister had convened a meeting of the financial institutions and banks for soliciting their support in raising the money through disinvestment. The financial institutions have readily agreed to do that. The intention of the Government seems to be that in case they fail to mop up this kind of money in the open market, they

would look to the banks and financial institutions to bail them out. My submission is that if this is permitted to be done, the amount that is meant for funding the industry will be simply bailed out. This is a very dangerous situation. I would like the hon. Finance Minister to consider this. Thank you.

SHRI V.P. DURAISAMY (Tamil Nadu): Sir, many speakers who have preceded me have touched many of the points. I have a little to say and I will try my level best not to repeat the points. The Disinvestment Commission was set up by the United Front Government in the year 1996. It had made several recommendations. It recommended disinvestment of shares in PSU undertakings. I would like to suggest that the BHEL, the HPF and some other public sector units can be revived by pumping a few crores of rupees and by modernising these units. If the shares in these units are disinvested, I am afraid, the employees will be retrenched and their families will be uprooted. There will be a chaos in the society and a law and order problem will arise in the society. This action of the Government will multiply the unemployment list in the employment exchanges all over the country. I know that the Central Government wants to mobilise the resources for bridging the budgetary gap. It is very very unfortunate that the PSUs which have been the trend-setters in their time, came up for disinvestment. The Government cannot wash its hand of the responsibility of running loss-making public sector enterprises. It should hand over them to some strategic buyers who will bring the capital and high technology and restore them to health. Anyhow, the interest of the workers should be kept in mind. I am unable to understand the reason why the PSUs are making losses, whereas private sectors are making huge profits. I think the management of the PSUs are somewhat poor. The Public Enterprises Selection Board should be broad-based and some professionals from the private sector should be included in it. The salary of the chiefs of the PSUs must also be raised. An Assistant Manager in a PSU is getting only Rs.15,000. If he joins the private sector, he will get Rs.40,000. Because of the poor salary, the persons who are working in the public sector are going to the private sector, doing hardwork and showing more output. Therefore, the salary of the chiefs may also be raised. There are some PSUs which can be made viable with some special efforts. The Government should make constant efforts to revive the sick and loss-making units like the Hindustan Photofilms Ltd. It also promises long-term viability. Today morning I put a question to the Minister

and the Minister in his answer said that they were looking for a joint-venture partner for the last five years. Some companies had come for discussion but they withdrew later. If the Government commits any delay in taking a decision, the loss will mount. Last year I went on a tour to Mumbai along with a Parliamentary Committee. The Committee was headed by Miss Mamta Banerjee, the present Railway Minister. We were given mementoes in the form of gifts. She immediately advised the officers to withdraw them. The reason why I am saying this is, as Members of Parliament, we visit the public sector units and stay in five-star hotels. In the name of visiting sick units we should not put a burden on the PSUs. We, Members, should lead a simple life.

Apart from that, we are living in a computer world. All the officers are having computer facilities, network facilities and STD facilities. Simply sitting here in Delhi, in the head office of the PSU, they can collect all the particulars and figures. But I don't know why they are asking their officers to assemble every 15 days and spending so much money. From class-A officers to class-C officers are allowed to fly from Chennai to Delhi or from Trivandrum to Delhi. Apart from that, they are claiming T.A. also. These officers should be made to observe some economy. I request the Government that whatever drastic action is going to be taken by the Government, it should be in the interest of the welfare of the country and the Government should desist from closing down the units. The PSUs should not be sold at a smaller price.

SHRI R. MARGABANDU (Tamil Nadu): Sir, the policy of disinvestment itself is a dangerous step. While building the nation, there should be investment. If it is properly managed, unnecessary expenses are avoided, then necessarily public sector undertakings will be running in a profitable manner. The trend in this nation is, all public sector undertakings are running at a loss. Why? Because the officers are not accountable. The officers are simply whiling away their time and proper working is not there. Even for shifting a paper from one place to another, one man is engaged. And where a work can be done by one person, ten persons, are employed there. Those persons, or, employees, have been taking good salaries. Inspite of this, they resort to strikes, *dharnas*, etc. for demanding increase in their salaries. Consequently, the management also yields to their demand and

increases their salaries and other amenities, which takes away the entire corpus of these public sector units. On the other hand, the private sector units are running in a profitable manner. . This is because they have a proper management system. Because of this maladministration, the public sector units are running at a loss. It is said, Sir, that there is a total loss of Rs.42,500 crores by 31st March, 1998. How can it be undone? By simply disinvesting the amount and investing it somewhere else. If it is not properly managed, the entire thing will go away. Therefore, the Government mechanism should be strict and it should see that unnecessary wastage and unnecessary employment, all these things, are taken care of. And it should also see that the public sector thrives. If this sort of maladministration goes on, one day, the entire corpus will be wiped out.

DR. RAJA RAMANNA (Nominated): Mr. Vice-Chairman, Sir, I thank you for giving me a chance to speak on this. I would like to say a few words on the condition of public sector units and their future. As a former part-time Chairman of one of the public sector units and also having dealt with the private sector, I feel very sorry on this occasion. Because one good public sector unit in Bangalore, for instance, which was doing such a good work, had to sell some land for paying the salaries to its employees. How did this come about, indeed, is a very sad state of affairs. Now, of course, the public sector was established at a time when we had nothing. And I recall, that in order to get technology from outside, we had had to be at a certain level. People ordinarily think that if you go to a person outside, he will share his technical knowledge; straightaway, he will give you a second-rate equipment, apparatus and technology. As has been discussed this morning, he will not give you the best. But if you are already in a certain position, then you can bargain. As a matter of fact, he may come to you. Now you have become used to the public sector for a long time- for elderly people like me, not young Ministers. I recall a recent visit which I made to Germany. I had the honour to go there with hon. President. I was rather surprised that a unified country has so much of difference between one side and the other side. On the one side, it got used to the public sector and, on the other side, to the extreme private sector; and they just could not get on. The same people, speaking the same language, having got separated only 46 years ago - this transformation is a thing which must be carefully considered. As I said, all this is an important factor because the balance of our capability will begin

to suffer. We have to have some public sector units. The Government started these things at a time when no private sector would invest in such things. The private sector has improved a lot. In the old days it was treated as, so as to say, a bad thing. Now the things have changed. But what is important for the country, besides all the financial situations, paying debts and all that, is to understand what happens to the collective technology that is available in the country. That should not be shaken. I will give you an example. For instance, HMT in Bangalore, was a very important modern factory. Suddenly, because of various things, its position has gone down. Who will take it up quickly? You cannot just sell it to somebody and say, "Come on and produce what you want". You will say, "I will go and have the technology of some country." Again, the whole story starts. I am only trying to say that we must be careful of what we disinvest. Disinvestment itself is a bad word in a way because it is only a financial word. It does not take into account the technical importance of all the investments made in the past. I am not making out a case for a bad public sector. In fact, a bad private sector produces a public sector. To become bad, they start a factory and after some time, it does not work. Then they ask the Government to take it over and the Government takes it over because there is a lot of labour involved. Just to look after the labour, you have another bad public sector. Now all this is old history. But in this transformation, it is very essential that we just don't get into an obsolescence phase. India is a very important country. We have got very capable people. I particularly respect the software industry in Bangalore. It is under the private sector. They pay very well. They are managing it very well. But closing down a public sector by applying all the Government rules that you have, most obviously wrong type of management rules, was wrong. I have seen this happening. A good man was never appreciated. You have to wait for your turn and even ten years later you have to wait for an opportunity. That is how we kill this sector. Disinvestment should not take place just for these reasons. It is a very important aspect. This morning we talked of obsolescence. Obsolescence comes about due to really a bad management. You say, "I am producing so much. I have earned certain profit even though I do not know how to calculate this profit." A lot of strange things are done to show profit. At the same time, you want to do some useful things for the country. You produce a lot of bad things. You cannot sell them abroad. You are forced to sell them to your own people. All these things have to be taken into consideration in

the disinvestment process. How this is to be done, I am not quite sure. As I said, one of the problems of the old days has been a bad leadership. Some of the private industry people have been doing very good work and keeping themselves up to date. It is good. I do know that the private sector, in many cases, is a family sector. You are just shifting one to the other. Members of the same family are running a factory, running a whole enterprise. Now that has to fade out, if the private sector is going to give you all the answers. How will you overcome these problems? I do not know. But I would only request that we should not make this a purely financial problem of paying some debts or some money and like that. It must essentially be looked at from the technological side, the technological base of the country. Thank you.

SHRI JAYANT KUMAR MALHOUTRA (Uttar Pradesh): Mr. Vice-Chairman, Sir, the two words 'disinvestment' and 'globalisation' have been talked about since the early 90s in many ways. Both are linked with each other. Both are very closely associated with each other. And the success of both depends on how we tackle the problems. Some countries have done it successfully. Some have done it very unsuccessfully. And, I think, it is important that we take a cue from the successful models, whether they have come from small countries or from larger countries.

Sir, two recent cases can be quoted regarding disinvestment. And, the one company which comes to my mind is GAIL. The hon. Minister came here and said that the book value of GAIL was Rs.40 which means that the total asset value of the company on its book was around Rs.3,200 crores. The question that I would like to put to the hon. Minister is whether that company being sold at Rs.70 per share was considered to be very good, since the book value was only Rs.40 and whether the hon. Minister would consider selling that company between Rs.3,200 crores and Rs.5,600 crores because that is what it amounts to if you disinvest those shares at Rs.70. My point is that in this globalised atmosphere, when you say that the replacement value of those very assets is Rs.3,200 crores, when you say 'Rs.40' I will just show you that the equity is Rs.845 crores; you multiply it by 4, and it becomes about Rs.3,400 crores to Rs.3,500 crores; that is, the book value of the total assets. The replacement value, as we estimated, of these very same assets would be around Rs.40,000 crores, which means that if valued on the replacement value, then, the value of these shares would be around Rs.400. Then, the

second normal way of valuing these shares is the international valuation based on P.E.s on petroleum assets. If you look at companies like Exon or any of these global petro-companies, today, they are selling at P.Es between 25 and 30. If we sell at Rs.70, at the profit-equity value of 5, because at Rs.845 crores, the profit of GAIL, after tax, was Rs.1,060 crores, which gives it a P.E. of 13 x 5 or 13 x 6; that is what you are selling it at -- it means that you are selling it at one-fifth the normal valuation of petro-assets internationally. In other words, by calculating both at replacement value or at international values of P.E. ratios, the value should be between 350 and 400. Mr. Minister, I leave it to your judgement whether selling it at Rs.70 was a very unwise decision or whether there was something else involved in this. I would leave it to you. I don't want to make any comments.

The second thing which, in my opinion, is very important is that when we think of disinvestment, we have to prepare ourselves for it. It takes time. You just don't say, "I am going to disinvest", and the day after tomorrow, the company is on the market. Now, if we are thinking of disinvesting companies like GAIL, which are high-profit companies, which are owned 100 per cent by the Government of India, and which are strategically vital for this country, surely, we had in mind also the disinvestment of Maruti. Now, when you value a company, you look at who is controlling it. I would give it 25 per cent value of that company. Then, what are the intrinsic assets? What is the value of its trade market? And, what is the future? That is how you value a company. Some time back, the hon. Minister of Industry gave away the control of Maruti free. In other words, we have reduced the value of Maruti by 25 per cent just by giving away the control. That can hardly be a good way of preparing for disinvestment. Similarly, we knew as a Government, about a year ago, that we were opening up the automotive sector, and that there would be enormous competition. Another way of evaluating a company is its market-share. Maruti had 85 per cent of the market-share. I had predicted that it would come down to 40 to 45 per cent. Within a year, we are already down to around 60 per cent. My prediction is, give it another year, and its market-share will be down to 40 to 45 per cent, which means that a company, for which, an year ago, we could have got 8 thousand or 7 thousand crores, we will now and up getting less than 4 thousand crores. And, we will have to come and tell Parliament that we got sinecures for six to eight bureaucrats.

THE VICE-CHAIRMAN (SHRI SANATAN BISI): Please conclude now.

SHRI JAYANT KUMAR MALHOUTRA: Just two minutes more, Sir. So, I have said about a company where disinvestment has taken place, and another company where we were preparing for disinvestment, and what we had done to bring down its value.

I had recently spoken on globalisation in the United Nations. Just to bring to the notice of this House the close relationship between the two, I will read para from this speech. Here, just replace the word 'country' by 'company' and 'globalisation' by 'disinvestment'.

> "We believe that we should carry out a far more incisive analysis, both, of the opportunities and drawbacks of globalisation". (Read disinvestment) "This is particularly necessary at the national level by individual countries where we need to define what the objectives of globalisation are. Clearly, if globalisation is to be meaningful at the national level, it can not lead only to enhanced international trade or financial flows *per se*, but to raising standards and quality of life all around. Specifically, at the national level, globalisation needs to address poverty, unemployment, education and health etc. and lead to the highest living standards and, for this we need to access how globalisation is impacting each individual developing countries, more countries and regions, in responding to the many challenges of globalisation and in involving universal panacea of prescriptions. We need to avoid a 'one-size-fits-all' approach. Specifically, we need to avoid the universally applicable time-table for liberalisation, whether in trade or financial sectors. Trade and globalisation, particularly, hasty or ill-thought through liberalisation, has led to massive unemployment and a brake down of social system where developing economies have been ill-prepared for competition or even the immediate impact of technological upgradation".

Sir, as I have mentioned earlier, the two virtually go together and the Government must study the impact of these two things; what impact it is going to have on our social sectors and what we are doing.

THE VICE-CHAIRMAN (SHRI SANATAN BISI): You have covered all the points. Please take your seat now.

SHRI JAYANT KUMAR MALHOUTRA: Thank you, Sir.

SHRI VAYALAR RAVI (Kerala): Sir, disinvestment has become a very dear word for the ruling party and the people who support it.

AN HON. MEMBER: All the people.

SHRI VAYALAR RAVI: Not all the people, because the poor people aren't with you. Now, I know you are going mention about Dr. Manmohan Singh. But I am happy about my statement.

Now, what is really the case? ' Acquisition' and 'merger' are dear words in capital markets and that is a game being played by private interprises. They can acquire the public sector, provided disinvestment takes place. What is the reason? The reason is that it is running at a lose which I dispute, on the basis of your own survey. What does it say? The total investment, according to survey, is Rs.2,04,054 crores. This is the total investment. Out of this, Rs.98,287 crores is only in ten industries, that is 48% is only in ten major industries. It means, in these 230 industries, the total investment is only 52 per cent. Then, the next question is, whether these concerns are profit earning or not. You also take their capacities. About 120 industries are running with a capacity of more than 75 per cent. Yes; I admit that there are 14 industries which are running at a capacity of 22 per cent. Now, look at the profit of these industries. The survey of 1997-98 says that the gross margin was Rs.52,615 crores. The gross profit was Rs 36,093 crores, and the pre-tax profit was Rs.19,379 crores. You are making out a case that the public sector is eating away Mr. Sinha's kitty. No; not at all Take it in totality. The Government is the owner of all these enterprises. You should not take the case of individual enterprises. If you take it in totality, then you will find that they are earning profit. Their pre-tax profit was about Rs.19,000 crores. Yes, there are certain industries, certain consumer industries, which are running at a loss. What to do with them? Shri Malhoutra very ably presented his case. Prof. Ramanna also spoke about it. What is the total value of it? Does it mean that the entire private sector is making profit? I

can show you thousands of private industries which are running at a loss. That is why, Sir, the NPAs of the banks have gone up to Rs.50,000 crores.

Sir, look at the steel industry. On a previous occasion, when the present Government was in power, we had a lot of debate in this House on fixing the minimum floor price for the steel industry. What was the purpose of fixing this floor price? It was stated at that time that it was meant to save the steel industy from the crisis. But who benefited out of it? More than 50 per cent benefit of it went to private industries. Today, I read in the Press that all the financial institutions are coming forward to help one major industrial concern in this country I can name it; Essar because it is in the rut. They are coming forward to bail it out. That is the report. So, when the private sector is in distress, the Government has no hesitation to come forward with all the assistance from the financial institutions and the banks to bail it out. Sir, I don't want to take much time of the House. It is unfair to attribute that the entire public sector is bad, and it is eating away the Government's money. But I believe that the public sector has served the greatest purpose of the nation in the last 50 years.

Sir, take the case of selling the assets of public sector units. We have the Vizag Steel Plant in Andhra Pradesh. It has got about 20,000 hectares of land, and what is the value of that land? Anybody can purchase it and have control on its shares by spending about Rs.50 crores or Rs.60 crores. Then, they will sell away the land and make thousands of crores out of that. So, what I mean to say is, that they are not for take-over of the company and to make it profitable. They are for taking control of the prime assets of the company. This is the point. Mr. Minister, I am prepared to support you in selling Ashoka Hotel at the market value, not at the share value. It would run into many crores. I won't mind, you sell all the hotels of the ITDC, provided you sell it at the market value. Shri Malhoutra rightly said that the industrialists, the moneyed people, who are playing the game in the stock market, want to acquire it by giving you a few crores of rupees. One gentleman came from Dubai and acquired the Dunlop. Now, it has been closed down. My friends from Bengal are now struggling for that. Mr. Finance Minister, don't think that the entire public sector is bad. Don't think that you can sell away the national property at a cheaper price. Shri Malhoutra has already spoken about the GAIL, and I don't want to go into

that. I am only appealing to the Finance Minister, don't blackmail the public sector and sell it on that basis. Protect the public sector, make it effective and efficient. We can definitely discuss as to how to make it profitable. With these words, I disagree with the proposal of disinvestment.

SHRI YASHWANT SINHA: Sir, if you permit me, I will reply to the debate. Before that, I will join the whole House in congratulating Shri Arun Jaitley, who has taken over as the Minister for Disinvestment. If you permit me, Sir, I would like him to speak in the beginning and then I will take over.

SHRI GURUDAS DAS GUPTA: We are all delighted to hear him.

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING AND MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN JAITLEY): Thank you, very much, Sir. I must confess that I am only a few hours with my new responsibility in this department and, therefore, my senior colleague, Sinhaji, will be replying to the entire debate, but I, certainly, have been enriched by some of the views expressed by hon. Members. Barring one or two divergent opinions with regard to the desirability of disinvestment as a process itself, I think, ever since 1991, successive Governments of different political colours from the 1991 Budget and the Industrial Policy Statement laid by Dr. Manmohan Singh categorically provided for it. The parameters were slightly different. Even the Common Minimum Programme of the United Front Government, with which the Left parties were also in agreement, with its own parameters, had provided for it. And, since 1991, we have witnessed different processes by which disinvestment has been carried out. The first process which Santoshji had suggested, I think, today, was that, who will buy the companies which are absolutely lying sick, as you may not find buyers for it; the first system that we worked out was the bundling system. You club shares of the moderate companies the companies doing well, the PSUs doing badly and the bundles were offered. We then, also, experimented with the auction process. We then experimented with the second round of the auction process where overseas corporations were also entitled to bid for them. We followed, in the last three years since 1996, the GDR route. And now, the strategic sales.

I think, Gurudasji mentioned that we have not been able to live up to the targets. The figures he mentioned were, as against an estimated Rs. 44,000 crores, the total realisation has been in the vicinity of about Rs.18,000 crores. We have fallen below our targets. We have fallen below our targets, under different Governments. In 1993-94, virtually, there was no realisation at all. In the subsequent years also -- the United Front was in power then -- there were a year or two where we fell below our targets. But one fact which continuously has gone through is, with these assets which are lying locked in these PSUs, what is the best utilisation of these assets that can be made? It has been suggested as though this is only being done for the purposes of bridging the Budgetary deficit. A suggestion was made by Dipankarji that 'why do you not revive.' I think, there is some element of revival even when you go in for a process of disinvestment. Disinvestment will not lead to closure of a unit. The private person, who is going to come and invest hundreds and thousands of crores, is certainly going to make all-out efforts to revive the unit. Resources may come from the source where the funds are lying. Therefore, disinvestment, *per se* .....

SHRI DIPANKAR MUKHERJEE: Just half a minute. My point was with regard to disinvestment in Navaratnas and not of the sick companies. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI SANATAN BISI): I will allow you to seek a clarification. *(Interruptions)*

SHRI ARUN JAITLEY: That is a separate point you make: Why go in for disinvestment of the units which are doing well. Well, that is a part of the already declared policy. In 1998 Budget Speech, hon. Finance Minister had made it very clear that the Government equity in PSUs, except the ones in the strategic sectors, is going to be brought down to 26%. Therefore, this covers all. There may be a little more difficulty in selling out the units not doing well; it there may be a far easier job to sell off equity in units which are doing better. Therefore, you cannot bring the policy to a standstill by making this as a stand that we only sell 'X' and not sell 'Y'. That will all depend on the market conditions and the strategic conditions available with the Government as to what is the best unit to be disinvested at that given moment. Therefore, it is not merely for the purpose of bridging the Budgetary deficit. You are

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disinvesting in order to ensure that the units can be revived with private sector investment once again.

More so, you say, you increase the base. Today, you have only disinvested to the extent, as you said, of Rs. 18,000 crores. But, during this period, we were just going through some of the figures and the hon. Finance Minister will put them at length before you. When Rs.18,000 crores have been realised from 1991 to 1999 November, what is the amount of dividend that the PSUs gave to the Government? So, this is an investement of almost Rs.200,000 crores. The dividend is a very microscopic figure of that and throughout this period much more than the realised figure is the one which has been put in in terms of making these units workable. In fact, the figure which was available, besides loans, is Rs.35,000 crores during this nine year period which has been put in to make them work. Therefore, some of these units are adding really to the budgetary deficit itself. Therefore, there has been a broad consensus over the last eight or nine years. There was one discordant suggestion made today that Navaratanas need not be disinvested, the investment must be carried out. There are some suggestions being made, some very valuable suggestions, as to how it must be done and as to how we set up - as indicated, I am new to the Department; just a few hours old - some institutional mechanism within the Department itself with the priority that the Government is able to realise the best revenue for it, the best price under the circumstances should be obtained. There need not be two opinions that there must be total transparency. Thirdly, in order to obtain this what standards we are going to lay down. A very valuable suggestion was made by Mr. Pranab Mukherjee whether we can codify the mechanism itself. Certainly it is a suggestion worth considering. I can assure the hon. Members that a large number of suggestions have come and when we get down to work in this new Department, we are certainly going to take most of them into consideration. I am very grateful to you, Sir, for having provided me this opportunity.

SHRI GURUDAS DAS GUPTA: I have one point for clarification. *...(Interruptions)*... I would just like to know from the hon. Minister and the Minister of State whether they will kindly inquire as to why the Indian Oil was prevented from bidding so far as this strategic sale of IPCL is concerned. *...(Interruptions)*..

THE VICE-CHAIRMAN(SHRI SANATAN BISI): Mr. Finance Minister, do you want to add something? ...*(Interruptions)*...

SHRI YASHWANT SINHA: Mr. Vice-Chairman, Sir, I start with a degree of handicap. When Mr. Das Gupta was speaking ...*(Interruptions)*... The blast from that side was so severe that one pair of my specs broke. ...*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: Once again it confirms that the hon. Minister is short-sighted. ...*(Interruptions)*...

SHRI YASHWANT SINHA: Sir, now I will have to make my submission with some degree of handicap, as I said. Sir, there are two paradigms which have emerged from this debate; one is where do we set the process of disinvestments in the whole of the public sector policy of this Government and how do we look at the Budget because there is a relationship of disinvestments with the Budget? And across this House a suggestion has been made that this matter should be delinked from the Budget and disinvestments should have no role as far as Budget making is concerned because of the money that we have collected from disinvestments has gone for paying the grocer's bill, as Mr. Das Gupta has said. I take the House into confidence and give you some figures. The total receipt from disinvestments so far, as my colleague was saying, is Rs.18,288 crores up to now. Starting from 1991-92 till now, the total receipt is Rs.18,288 crores. This is one figure. The total budgetary support to PSUs during the same period, including this year's Budget, is Rs.61,968 crores. Rs.61,968 crores is the budgetary support to the public sector undertakings, including loans which we have given from the Budget. ...*(Interruptions)*... Plan, non-Plan, equity support, loans, altogether ....*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANATAN BISI): Up to this period. ...*(Interruptions)*... Uptil now. ...*(Interruptions)*...

SHRI YASHWANT SINHA: These are the comparable figures when they started disinvestments in 1991-92. So, I have taken the 1991-92 figures, and I am completing it up to now - this year's Budget. It is Rs. 61,968 crores. As my colleague was pointing out, the total dividend that we

have received, during this period, from our investment of over Rs. 90,000 crores, in the public sector, is less than Rs. 10,000 crores. It is during this whole period. This is one set of figures.

Now I give you the second set of figures, which would delink it from the Budget. What is it that we are using this money for? To meet the deficit of the Government of India. Whose deficit is it? It is Yashwant Sinha's deficit. It is Dr. Manmohan Singh's deficit. It is Shri Chidambaram's deficit. It is the Finance Minister's deficit. सब मीठा-मीठा आपके जिम्मे और सब खट्टा-खट्टा फाइनेंस मिनिस्टर के जिम्मे । Now, there was a talk here that this money should be spent on the social sector. What is the amount of money that we have spent on the social sector so far? We started in 1991-92, with an expenditure of Rs. 8, 175 crores. This was the Actuals of the Budget. According to the R.E. of last year, 1998-99, it was Rs. 29,570 crores. It is the annual figure. This year's Budgeted figure is, Rs. 32,380 crores. All this adds up to - I am not counting this year's figure of Rs. 32,380 crores; if I go only by social sector spending from 1991-92...*(Interruptions)*...Yes. I am taking the Actuals of all these years and the R.E. of 1998-99. Then it adds up to Rs. 1,38,000 crores. Sir, Rs. 1,38,000 crores spent in eight years. It is 400 per cent increase over Rs. 8,000 crores. This is how the social sector spending of the Government has gone up over the last few years. What is the total of money that we have realized from disinvestment? It is Rs. 18,200 and odd crores. What are we talking about?

Sir, I will submit you another set of figures. What is this year's Budgeted interest payment alone? I am not including the Supplementary Grants, which we are going to discuss now. It is Rs. 88,000 crores; for Defence it is, Rs. 46,000 crores; for subsidies on food and fertilizers, it is Rs. 24,000 crores; State's share, in according grants, in terms of the 10th Finance Commission, is Rs. 10,000 crores; for police, it is Rs. 6,000 crores; and for pension to retired Government employees, it is Rs. 10,000 crores. This adds up to Rs. 1,84,000 crores. What are my total receipts in this year's Budget? It is Rs. 1,82,000 crores. Sir, revenue, non-revenue and all receipts put together comes to Rs. 1,82,000 crores as against the figure of Rs. 1,84,000 crores. For Annual Plan - States and the Centre - it is Rs. 77,000 crores. Where the money is coming from? And, from where the rest of the Non-Plan expenditure of the Government is coming? Obviously, through borrowings.

So, what is my net Budgeted borrowing this year? It is Rs. 84,000 crores.

Sir, the net Budgeted borrowing of the Government of India is Rs. 84,000 crores. I am giving this figure because we talk casually, and we talk lightly of the problems. This money - Rs. 2,000 crores, Rs. 1,000 crores, Rs. 5,000 crores, Rs. 4,000 crores - has been collected, over a period of time; Rs. 18,000 crores in all, by selling the family jewellery. We have sold the family jewellery to meet the grocer's bill. Which grocer? To which grocer the Government of India pays?

Then there is another concept of the C.F.I. There is one Consolidated Fund of India, and all the money flows into the Consolidated Fund of India. I will be the last person to accept that the Consolidated Fund of India should be fragmented. We can go in for some very special provision and under some very special circumstances like my colleague, the Minister of Surface Transport that day was mentioning - I was also present in the House on that day - about the Cess on petrol and diesel. Cess on diesel, which I introduced in this year's Budget. There will be a fresh Bill in this regard. That will be earmarked only in for the purposes for which that surcharge has been imposed. But how many fragments do we want to make of the Consolidated Cund? You take away PSU disinvestment from the Budget. I, as a Finance Minister, would absolutely have no objection to it. But along with that, you transfer PSU support to that head, and I will be the happiest person. *(Interruptions)*

SHRI SANTOSH BAGRODIA: You have given all these figures. I appreciate it. But Rs. 1,82,000 crores is the budget for one year. But this wealth has been collected during the last forty years. You take it out and use it for this. This is where our objection lies

SHRI YASHWANT SINHA: I am coming to that. *(Interruptions)* Gurudasji, please let me finish first. If you have any questions, I will take them up later. So, once the moneys have come into the Consolidated Fund, then all receipts lose their colour. It acquires one colour. Now, out of that total kitty, money is going for public sector, money is going for social sector, money is going for Plan and money is going for other purposes. Therefore, when we stand up here and say this money is going to pay the grocer's bill, if

I were to challenge Mr. Gurudas, and say that all this money has gone for social sector, or, all this money has gone to meet the public sector bill, I would ask, does he have any authority to challenge? Obviously not. So, there is an argument that unfortunately does not hold. The public sector disinvestment policy, as we have discussed in this House, has evolved over a period of time. When the Congress Government was in power in 1991-92, it came out with this, saying, "In order to raise resources." I think someone pointed it out. I think, Mr. Bagrodia pointed it out saying, "What for. It has not been defined." But the Industrial Policy of 24th July, 1991 has that languge, that is, "In order to raise resources and encourage wider participation." This is how it all began. Now, over a period of time, three Governments later, what has been the result? What has been our contribution? This is the Government's contribution, I think, in the previous incarnation, or, in the present incarnation. Of course, not much in the present incarnation, but totally in the previous incarnation. So, I would like to point out two things. One is that, in the Budget of 1998-99, I did not conceal anything from Parliament. I was not trying to hide behind the shadow. In my Budget speech, I said forthrightly that the Government has decided that in the generality of the cases, the Government share-holding in public sector enterprises will be brought down to 26 per cent. I said it very clearly. This was a Budget which was discussed and debated in Parliament, including this House. Then, the second point which I made was, "In the cases of public sector enterprises, inviting speedy consideration, the Government will continue to retain majority of share-holding." I said it very clearly. The third point I made was, "The interests of the workers shall be protected in all cases." This is what I had said. Now, after that in this year's Budget speech, I said, "The Government's strategy towards public sector enterprises will continue to encompass a judicious mix of strengthening the strategic units, privatising the non-strategic units. One, privatising non-strategic ones through gradual disinvestment or strategic sale and devising viable rehabilitation strategy for weaker units." I think, it is a very clear enunciation of the Government's total policy towards public sector enterprises. Therefore, let there be no doubt in anyone's mind about the intentions of the Government. The Government will go ahead, in terms of the two statements that I had made in my Budget speeches. We will go ahead with disinvestment. We will go ahead with strategic sale and the difference between disinvestment and strategic sale is that, when we undertake a strategic sale we hand over the

management to the strategic partners. This is what it is. In a generality of cases, as I have said, on a case-to-case basis, the Government's equity will be brought down to 26%, which means that the majority will pass to share-holders either one strategic partner, or, largely-held shares in the stock market. That is clearly the policy of the Government. Therefore, in my mind, there is absolutely no confusion, there is no ambiguity. I am very clear as to the direction in which we want to proceed. What is the philisophy behind it ? It is not that we g\are going to try to get rid of the assets which have been created by our forebears over a period of time and sell them cheaply. This is not the intention. The intention is that, out of the proceeds of this investment, we will proceed to creat new assets. We will create new assests in the commercial sectors; we will create new assests in the social sector and that is what we plan to do. Now that we have learnt the lesson and I am telling you, Sir, that what we will start doing is, every disinvestment, we will say, this money, the GAIL money, the GAIL disinvestment, is going to build so many thousand schools, primary schools, hospitals roads, in the rural areas. All this we are going to do so that you can link, because that link is not becoming clear to my friends. So, all this we do because you are also under confusion ...*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: There is a missing link ...*(Interruptions)*

SHRI YASHWANT SINHA: There is no missing link. It is a missing link because you are confused. That is why there is a missing link. Therefore, it is very necessary for us to show you where the money is going. This is where the money is going. The money is going to build primary schools, the money is going to build health centres. I have figures here, Sir, of how much is this basic minimum services programme it is U.F. government programme, a very good programme; it had included seven essential items there-- and what is the total amount which has been spent in three years over that; it is over Rs.8,000 crores, much more than what was realised through disinvestment in these three years, 1996-97, 1997-98 and 1998-99... *(Interruption)*...

उपसभाध्यक्ष (श्री सनातन बिसि): आप बैठिये, मैं आपको क्लैरिफिकेशन के लिए अलाउ करूंगा।

SHRI YASHWANT SINHA: Now, Sir, some issues have been raised here. My colleague has responded to them. I will respond to a few issues which I thik were very important issues which were raised. This house has debated the GAIL disinvestment issue through a Calling Attention. Though the issue has been raised, I have no intention of joining issue with my collegues here. I will only say, the process was absolutely transparent. I will only like to say, Sir, that nobody in this world, absolutely nobody in this world, can time the market. Not only Government, any private investor; nobody has ever timed the market. INFOSYS is a private sector company. It went with its ATR issue at 40$. Today, it is 239$ or 240$. Could they time the market ? You could not time the market. The U.F. Government could not time the market and it is an open point made by my colleague, Shri Ramdas Agarwal, that if there is a loss of Rs.1400 or Rs. 1,000 or Rs.900 crores, who is responsible for that ? If they had sold at Rs.125 or Rs.130 in 1997, then those shares would have been sold. But they did not pick up the courage. Now, we went through the book-building process, which is a very transparent process, a process which was devised by the U.F. Government, and we got a price. Now, to say that we should have waited; how long and how could anyone time the market and the opportunity cost ? So, without going into the details of that which have already been discussed in this House, I will say, there is absolutely no hanky-panky, it is a very transparent process and there is nothing that this Government seeks to hide in regard to the GAIL disinvestment. Even ini the I.P.C.L. disinvestment, my friend, Shri Gurudas Das Gupta, saw ghosts and shadows. The disinvestment process of I.P.C.L. is on. No decision has yet been taken and I would like to asure the House, through you, Sir, that this question of market dominance is something that we are surely going to keep in mind when we take a decision about I.P.C.L. disinvestment. I will make one very simple point. That point, Sir, is that some hon. Members in this House can get up and criticise the Government. He can say that we have been inept, that we have not been efficient and that we have not done our duty as well as we should have done. But to look at intentions, to doubt the integrity in every deal, causes pain. I must add quite frankly in this House, Mr. Vice-Chairman, that it hurts when you say every day that there is something or the other. Government has to act. Government will disinvest. In every deal if you are going to see something wrong, I am sorry, one will have to disagree.

Sir, the point is about these disinvestments and the restructuring of the PSUs. The restructuring of the PSUs is something, which we have not given up. We had something like 42 proposals in the last 18 to 20 months. We have looked at 42 proposals, 19 of which have been accepted by the Government; in 19 cases we have decided that we will restructure, we will revive, and the rest of the 23 proposals, including the massive Steel Authority of India, are under our consideration at this point of time. That is also under our consideration. So, nobody can say that we are just throwing the public sector down the drain and that we are not looking at restructuring it. This is being done at a certain cost, which we have assumed for ourselves.

A point was made about the Disinvestment Commission. Let me clarify that the creation of the new Department of Disinvestment is not a replacement for the Disinvestment Commission. Why have we decided to create a new Department of Disinvestment? So far, as Mr. Gurudas Das Gupta himself and some other Members pointed out, there was no nodal agency. Mr. Dipankar Mukherjee was pointing out that one of his questions went to the Department of Public Enterprises, then it went to the Ministry of Finance and then it came back. Why? Because, unfortunately, over the years, the whole responsibility has been somewhat dispersed among the Ministry of Finance, the Department of Public Enterprises, the administrative Ministries and all that. Now we have created the nodal Ministry for Disinvestment so that the whole programme of disinvestments moves ahead. But it is not a replacement for the Disinvestment Commission. The old Disinvestment Commission's term expired on the 30th of November. It is not there any more. We will soon reconstitute the Disinvestment Commission. The notification of the Department of Disinvestment talks about it. So, that is as far as that matter is concerned.

The other point that was made was in regard to the Disinvestment Fund. True, there was a decision taken in 1996 by the then Government that 10 per cent of the proceeds will go to the creation of the Disinvestment Fund. It was not set up. We are in the process of setting it up. I want to take this House into confidence that there is no going back. There might have been some delay in taking a decision. We are soon going to take a decision in regard to the actual setting up of the Disinvestment Fund where 10 per cent of the proceeds will go. My colleague has also pointed out that we welcome the

suggestion of Shri Pranab Mukherjee about codifying the procedure so that it is transparent and that everyone knows everything.

A question about profit-making PSUs or Navratnas has been raised. As my colleague pointed out, we have set out our policy. That policy, I make bold to say, does not make a distinction between profit-making and loss-making enterprises. It will depend on this policy of the Government that in generality of cases we will disinvest up to 74 per cent and retain for ourselves 26 per cent. I must say that the process will be absolutely transparent because the Government has nothing to hide. We want the process that we are going to follow to be known all over the world, and we must be able to get the best price at that point of time. But the Government of the day has to be trusted because it is we who have to take the responsibility. This House will not take the responsibility; it cannot take the responsibility. So, somebody has to take the responsibility for disinvestments, and we are prepared to take the responsibility. The whole Department of Disinvestment has been created with that thing in mind. Therefore, I suggest that I get the sense of the House even from my colleagues here on the left that they are not against disinvestments *per se.*

SHRI DIPANKAR MUKHERJEE: I have also made it quite clear. So, do not try to dilute. So far as we are concerned, we are opposed to disinvestment. Today when we discussed it, it was *vis-a-vis* the *Nav Ratnas'*, the profit making PSUs. I find the first generation reforms had paved the way for this.

SHRI YASHWANT SINHA: I am told, it was the PSUs. You may disagree. An overwhelming majority of the House is in favour of disinvestment and the Government intends to go ahead with it. *(Interruptions)*

SHRI GURUDAS DAS GUPTA: Sir, I would like to make one submission. I am sorry, if I have hurt the Minister, but the fact remains that our public obligation and duty compels us to scrutinise each and every action of the Government. *(Interruptions)* But, I take this opportunity to only inform him that the account that he has placed with regard to social development is misconceived. He is only taking into consideration the

dividend. He has not taken into consideration the other contributions that the public sector undertakings of the country have made. *(Interruptions)* Kindly have a little indulgence. He has invited certain questions. I am saying that, till now, they are paying crores of rupees of bills, because the sale proceeds of our own institutions and sectors that we have built up represent the savings that our previous generation had made. The sale proceeds out of that needs to be separated and needs to be invested separately. There is no question of making it a part of disinvestment. Sir, we disagree with the methodology and philosophy of disinvestment of bringing down Government's equity to 26 per cent. It is an act of senselessness and surrender. It is an act of surrender to the blackmail of big business and international monopoly companies.

SHRI DIPANKAR MUKHERJEE: Sir, I have only one suggestion to make to the Finance Minister. When he was explaining the problems of deficit of so many crores of rupees, he had said that Rs.18,000 crores were to be obtained out of this sale. My suggestion to him for resource mobilisation is I understand, the Government is having a very good relationship with the industrialists. He has got a list of NPA holders.

SHRI YASHWANT SINHA: You have relationship with the workers.

SHRI DIPANKAR MUKHERJEE: Please, let me finish. Sir, he is interfering. I am being fetterred. Anyway, it is probably pinching somewhere. The list of defaulters, whose borrowing is more than one crore rupees, is with him. If he wants my help, I can assist him. So far as the 1995 defaulters' list is concerned, it has been circulated by the R.B.I. Out of Rs.45,000 crore worth of NPAs, not less than Rs.25,000 crore worth of NPAs are with some of the very big Indian corporates. Since he has developed so much of relationship with big business organisations, instead of getting this money by selling these *Nav Ratnas*, why does he not get this money from those friends, who are suggesting how to disinvest public sector undertakings. This is my suggestion.

SHRI SURESH A. KESWANI (Maharashtra): Sir, the hon. Minister stated that once we sell the public assets and the money comes into the Consolidated Fund of India, it loses its identity and colour. This is

understandable. In the same vein, he says: "But when I sell the Gas Authority of India Ltd., (GAIL), I am going to use the proceeds from that for a, b, c, d. Is he taking this House for granted? Are we children here? My point is, how can he go on talking in two veins at the same time? *(Interruptions)* He said that the Government of India's policy is to bring the public sector holdings to the level of 26 per cent, without regard to the fact whether they are earning companies, non-earning companies, dead companies or viable companies. My question is this. If this is the policy of the Government of India and if it is going on along that path, does the Government of India recognise the fact that when we had a private sector undertaking and there was a problem with it, we had nationalised it? When we have nationalised that undertaking... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANATAN BISI):You have to seek clarifications....*(Intrruptions)*...only clarifications.

SHRI SURESH A. KESWANI: I am seeking only clarifications. Will the Hon'ble Minister make a policy which is not described as inept, inefficient, incompetent or corrupt?

श्री रामदास अग्रवाल: महोदय, मैं माननीय मंत्री जी का धन्यवाद ज्ञापन करने के लिए खड़ा हुआ हूं ...(**व्यवधान**)...

उपसभाध्यक्ष (श्री सनातन बिसि): धन्यवाद किस लिए?

श्री रामदास अग्रवाल: महोदय, मेरे तीन सुझावों में से उन्होंने दो सुझाव स्वीकार किये हैं और तीसरे सुझाव के बारे में मैं उनसे निवेदन करता हूं ...**(व्यवधान)**.... आप इस संबंध में विचार करें तो अच्छा होगा। तीसरा सुझाव

SHRI GURUDAS DAS GUPTA: So long as the Government is not disinvested of its power...*(Interruptions)*...

THE VICE-CHAIRMAN(SHRI SANATAN BISI): I have not allowed.

SHRI YASHWANT SINHA: In response to the issue which has been raised by Mr. Keswani, I would only like to say that I was trying to explain this misunderstanding that some Members of this House have misunderstanding which prevails even outside, that this money is going meet only the fiscal deficit of the Government. I was trying to explain as to what the fiscal deficit of the Government is. In the process, I said it is out of that fiscal deficit, that we are meeting the social sector obligation, that we are meeting the Plan obligation, that we are meeting most of the essential obligations of the government and, therefore, it is just accounting which I was tryinhg to explain. It is not that I consider you to be a schoold kid. Certainly, if there is a confusion here that this money is only going to meet the fiscal deficit, that this is good money which is going for a bad purpose and that some good money is getting lost in the process, that is what I wanted to clarify. Because all that is flowing into the Consolidated Fund is good money, is being spent on good purposes. Payment of interest is one out oblligations. Although loans wer enot taken by Yashwant Sinha or this Government, we have to honour those obligations. If I am paying Rs.88,000 crores in this year by way of interest, it is a burden, it has come to me from whole lot of previous Governments. But I have to discharge those obligations. That is why I am saying, most of the expenditure of the Government which is of an essential nature is met out of the receipts, including receipts from disinvestment. So, there should be no confusion in this regard.

Now, Mr. Ramdas Agarwal asked me, "How long will this disinvestment process go on?" I am really not in a position to answer. Nobody can answer. My colleague was telling me, "Until we have brought down the equity of the Government in all non-strategic PSUs to 26 per cent. Perhaps it can stop, or, may be at some point of time....*(Intrruptions)*...

THE VICE-CHAIRMAN (SHRI SANATAN BISI): Now, the discussion is concluded. "*(Interruptions)*...No; that matter is over. Now, I have to take the sense of the House regarding consideration of the Appropriation Bill, 1999.

SOME HON. MEMBERS: No, Not today.

THE VICE-CHAIRMAN (SHRI SANATAN BISI): The Deputy Chairman was saying that everything has to be finished today.

SOME HON. MEMBERS: No.

THE VICE-CHAIRMAN (SANATAN BISI) : That's all. Let us adjourn. We will take it up tomorrow. The House is adjourned till 11.00 a.m. tomorrow.

The House then adjourned at twenty-nine minutes
past six of the clock till eleven of the clock,
on Tuesday, the 14th December, 1999.